
The Washington City Council met in a regular session on Monday, February 10, 2014 at 5:30 pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; Cynthia S. Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Stacy Drakeford, Police & Fire Services Director; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Keith Hardt, Electric Utilities Director; John Rodman, Community/Cultural Resources Director; Kristi Roberson, Parks and Recreation Manager; Susan Hodges, Human Resources Director; Gloria Moore, Library Director; Lynn Wingate, Tourism Director; David Carraway, IT Department and Mike Voss, Washington Daily News.

Mayor Hodges called the meeting to order. Councilman Brooks delivered the invocation.

APPROVAL OF MINUTES:

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved the minutes of January 13, 21, 27, 2014 as presented.

APPROVAL/AMENDMENTS TO AGENDA:

Mayor Hodges reviewed the requested amendments to the agenda:

- Add under New Business Item G: Approve Purchase Order to Repair Peak Shaving Generator
- Move from Consent Item D: Purchase Orders >\$20,000 to New Business Item H.
- Parks and Recreation Comprehensive Master Plan will be presented tonight with voting continued until March 10th.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved the agenda as amended.

The agenda was later amended again to include moving New Business Item G: Accept Demolition of 312 Water Street Structure to New Business Item A (Comments from the public regarding this topic will be held at the time this topic is discussed by Council.)

CONSENT AGENDA:

By motion of Councilman Mercer, seconded by Councilman Beeman, Council approved the consent agenda as amended.

- A. Declare Surplus/Authorize – Electronic Auction of Vehicle through GovDeals (Vehicle Number 651)
- B. Adopt – Budget Ordinance Amendment – Controlled Substance Fund Appropriation

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2013-2014**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina:

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of \$20,000 in the account Fund Balance Appropriated, account number 10-00-3991-9910.

Section 2. That account number 10-10-4310-5701, Police Department portion of the General Fund appropriations budget be increased in the amount of \$20,000.

Section 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. This ordinance shall become effective upon its adoption.

Adopted this the 10th day of February, 2014.

ATTEST:

s/ Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor

C. Award – Audit Contract Award for fiscal year 2013-2014 to Martin Starnes Associates, CPA, PA (\$34,000)

D. Moved to New Business: Item H Approve – Purchase Orders >\$20,000

COMMENTS FROM THE PUBLIC:

Mayor Hodges explained that comments from the public regarding 312 Water Street will be heard when the topic is discussed under New Business.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council amended the agenda to include moving New Business Item G: Accept Demolition of 312 Water Street Structure to New Business Item A (Comments from the public regarding this topic will be held later in the meeting.)

Dr. Timothy Klugh – 1100 West 15th Street - Eye Care Center discussed the concerns he has for his business with the proposed project to widen 15th Street. His concern is that the project will prevent customers from making a left hand turn into his business.

Pat Griffin expressed his concerns with the 15th Street widening project as well and felt that if a median is installed, that his businesses will lose customers. Mr. Griffin stated that as of today, he couldn't find anyone that knew what Council would be approving tonight. He mentioned that he would lose business if a median is installed. Some of his tenants have clauses in their leases that state they can close and move. Parking areas for these businesses will be lost as well. Mr. Griffin explained that he has spoken with several business/property owners along this project area and they told him they would "take it to court" if they had to. The property owners advised him that they had not been contacted by anyone regarding this project. Is there a plan that we could see? Furthermore, Mr. Griffin asked Council to not approve the request on the agenda tonight.

Mayor Pro tem Roberson explained that if Council doesn't approve the request on the agenda tonight, then NCDOT cannot move forward with the design phase. Tonight's request grants NCDOT approval to move forward with the design phase for this project.

City Manager, Brian Alligood explained that the formal design work for this project has not even begun. NCDOT is looking for Council's approval of the concept before they begin spending money on the design phase for the project. The proposal is to install a "controlled median". Mr. Alligood noted that NCDOT is required to conduct a public hearing process and they will reach out to all of the businesses/property owners as well as Council regarding crossovers.

SCHEDULED PUBLIC APPEARANCES:

BETH BYRD – 2014 EVENTS REVIEW

Washington Harbor District Alliance Focus of Work 2014

Harbor District EVENTS 2014

feb 13 **THEN EVERY LAST fri** **Art Walk**
Starting in March it's on the **LAST FRIDAY of EVERY MONTH!**
A time to showcase our thriving art scene. Galleries & merchants open late.
5:00 to 8:00PM

feb 27 **Taste the Good Life in Little Washington**
6:00 to 8:30PM
Help us celebrate all that is Washington, NC... The best of local restaurants, NC brews, fine wines and other life amenities, all to honor George Washington's Birthday.

every Sat **Saturday Market**
8AM to 12 NOON
04.19 thru 10.17
Weekly Farmers Market held on the West end of Stewart Parkway. You never know what you'll find.

SAT april 26 **Washington Marine Market**
Anything and Everything Nautical for Sale with entertainment from the all day BOCO Music Festival.
9:00AM to 6:00PM

3rd FRI **05.16** **Music In The Streets**
06.20 A 12 year celebration of music, dance and
07.18 a time to enjoy all the Harbor District has to offer!
08.15
09.19 **6:30 to 8:30PM**
10.17

july 04 **Lee Chevrolet's 4th of July & the City of Washington Fireworks**
Spare Change to entertain the crowds. Fun for the kids, corn hole tournament, hot dog eating contest, a car show and fireworks.

aug 02 **Downtown Get Down!**
5:00 to 9:00 PM
Come to hear the pioneering American funk rock band Mother's Finest! & don't miss the Pamlico chow down.

dec 06 **Hometown Holidays**
Featuring the Christmas parade, Toys for Tots Campaign, merriment and festivities.

For more information go to:
www.facebook.com/WashingtonHarborDistrictAlliance

Washington Harbor District Alliance Focus of Work 2014

Under the Main Street organizational structure WHDA's purpose of action is to promote the economic development and quality of life in the Washington "central business district on the water".

DESIGN:

- Wayfinding planning and implementation
- Maritime Team: Lighthouse Boater/Bathroom Facility & People's Pier
- Assist city with planning for an Underground Electrical Initiative

ECONOMIC DEVELOPMENT:

- Maritime Team: Assist new Waterfront Docks Advisory Board, Assist new Dock Master position
- Adaptive Reuse - Explore ways to reuse downtown buildings with a focus on:
 - A downtown hotel to encourage tourism, provide housing for small-to-medium sized business conventions, promote downtown businesses and serve as an economic development tool;
 - Business recruitment & encourage additional Upper Story Residential
- Recruitment/Retention for new and existing businesses -
 - Educate businesses about the retail "leakage/gap" in revenues that are going to businesses outside the harbor district and Washington.
 - Identify opportunities for new and existing businesses to grow/expand by addressing to needs of the community. Work with business owners to develop new opportunities to achieve financial stability/success.

PROMOTIONS:

- Create excitement and a reason to visit downtown: EVENTS
- Shop, Dine Play Downtown Campaign - Facilitate program that creates interest and traffic downtown by marketing to near by communities
- New Web Site in 2014 that better markets the businesses and the harbor district destination to visitors.
- Expand the Farmer's Market by seeking grants to support Market Manager position, expand promotions at the market and offer EBT/SNAP to the low income community

ORGANIZATION:

- Recruit & foster partnerships with Corporate Sponsors
- Volunteer Base
- Membership: Friends of the Alliance
- Merchants Council, continue Coffee with Council program
- Communications, Partnership Building, Assist other Organizations with producing downtown events

Our process in accomplishing these goals and objectives is by using:

- CLARITY: Defining what we are and what we do
- ALIGNMENT: All groups working together and communicating
- MOVEMENT: How we move the projects. Tasks and tracking
- FOCUS: Getting rid of the clutter

WHDA Board of Directors, Committees & Volunteers

BOARD OF DIRECTORS:

President:	Chris Furlough
V.P. Economic Restructuring:	Trent Tetterton
Promotions:	LaVon Drake
Design:	Bobby Roberson & Seldon Taylor
Organization:	Pat Lewis
At Large Merchants:	Bob Henkel
Treasurer:	Clint Sorenson
Secretary:	Amy Ward
City Liaison:	Jennifer Brennan, Planning Dept.
Ex-Officio:	Catherine Glover- Washington B.C. Chamber of Commerce Lynn Lewis - WTDA Brian Alligood - City Manager

ADVISORS:

Maritime Committee Chair - Fred Watkins
Saturday Market Manager - Tom Miller
Music In The Streets - Allen Futrell

Board Meetings held the third Wednesday of the month at the BC Chamber of Commerce at 8:30AM. The public is welcome to attend.

CORPORATE SPONSORS:

Special thanks goes to the City of Washington, that understands the importance of economic development and actively supports our efforts; both financially and operationally.

Special recognition goes to our sister organizations, who have a shared interest in helping Washington realize its full potential and who allow us to partner with them to achieve this goal.

- The Washington/Beaufort County Chamber of Commerce,
- Beaufort County Arts Council,
- Washington Tourism Development Authority,
- Pamlico Sail and Power Squadron,
- Washington Area Historic Foundation,
- & The Noon Rotary

There are many other volunteers that WHDA relies on throughout the year. Without their participation we could not do all that is done for Washington.

Ms. Byrd explained that she and Mayor Hodges have been discussing a solution for WHDA’s desire to hold beer gardens at their fund raising events. She noted that in the past, City Council has been reluctant to serve alcohol on City property and WHDA understands, but noted this is a very good source of revenue for WHDA. They are hoping to develop the property that is at the end of Festival Park, (parking lot for On the Waterfront Restaurant). Since this location is private property, WHDA is hoping to hold their Beer Gardens at this location and this would eliminate the process of requesting approval from Council. She continued by asking Council if they could give her an answer tonight on this proposal or if she would need to come back to Council for approval.

Mayor Pro tem Roberson explained that this is not an action item on the agenda and WHDA would need to make a formal request to Council at a regular meeting. Ms. Byrd noted she would make sure there is a formal request to Council.

DOT MOATE – RUTH’S HOUSE, INC. “OUR AMAZING RACE” – FUNDRAISER
Dot Moate, V.P. Ruth's House & Elaine Briley, Fund Raising Chairman Ruth's House, Inc. a 501 (c) (3) non-profit corporation formed in 2012 by a group of local church ministers and citizens of the community. On February 8, 2013 we opened a safe house for victims of domestic violence, here in Washington.

(memo)

In the last 6 months our safe house operation has provided:

- Shelter for 37 people
- Counseling for 87 people
- Held 11 support group sessions
- Given out domestic violence information to 144 people
- Court advocacy services for 71
- Managed 42 calls on the crisis line (day line only)
- Conducted 16 educational information sessions for community groups
- 2,226 volunteer hours have been used to operate the facility

May, 2013 Ruth's House opened a retail shop downtown and we call it "Antiques and More ". This was a spin off from the Antique Show we had last April. The public has been most generous in donating items for us to sell in the shop. The use of the building has been donated, except for utilities, which we pay.

Ruth's House is asking the City to partner with us for "Our Amazing Race" which will be held on May 31 in Washington. We believe this event will bring people from out of the area as well as lots of local people. It will be a fun event and all proceeds go to support Ruth's House. By the

City Partnering with us, we will take the fees we would have had to pay, and use for Ruth's House operation.(end)

Dot Moate requested that they become an established Festival Park partner for “Our Amazing Race” fundraiser. Elaine Briley explained the “Amazing Race.” This event is a scavenger hunt type race which at this point consists of 20 teams consisting of two members. The event will begin on Water Street near the Chamber of Commerce. None of the participants can cross Hwy. 17, the majority of the race will be on foot and will be required to stay on sidewalks.

Councilman Mercer expressed concern with street closings and Ms. Briley noted that no streets would be closed for this event. Councilman Brooks inquired the meaning of an “established partner”. City Manager, Brian Alligood explained that an established partner of Festival Park is designated for non-profit organizations that provide a substantial contribution to the community and are offered reduced rates for using the facility.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council requested a one page summary from Ruth’s House to be formally added as an Established Partner for Festival Park.

This item will be included as an action item in March. Staff will present Council with a current list of the preferred partners.

CORRESPONDENCE AND SPECIAL REPORTS:

MEMO - SEA TOW PAMLICO DOCKAGE

SeaTow Pamlico, dba Inland Enterprises, LLC will again execute a Waterfront Docking agreement with the City of Washington. During the past year SeaTow Pamlico has been an invaluable resource to the Waterfront Docks Division, giving advice and assistance to the staff and boaters alike. Dock Attendants have requested logs to be removed from the docks an average of once per month via work order and other times while Larry Williams, Owner, was on site. In addition to the usual assistance SeaTow Pamlico also:

- Helped to Install the bird away caps on the pylons
- Help you with design of No Wake and location installed the life jacket loaner stand (Received great feedback for this, and will work on improvements for the 2014 season)
- Relocated the Auto Radio Check system and improved our range and Signal strength
- Advised staff and City Attorney regarding a delinquent Account, relocation/seizure of vessel.

The new docking agreement will be for the period of April 1, 2014- March 31, 2015.

MEMO – ELECTRIC ADVISORY BOARD

The Washington Electric Advisory Board met Wednesday, 15 January 2014 for their regular bi-monthly meeting. For the third consecutive meeting a quorum was not present. During their 13 January 2014, regular meeting the Washington City Council requested that the Washington Electric Advisory Board evaluate the operation of the Electric Fund so as to recommend operational improvements and cost saving measures.

The request was conveyed to the attending members of the Advisory Board and discussion ensued. No action of the board was taken due to lack of a quorum. The board requested that electric fund financials be forwarded to all members and that the electric department staff prepare a load management presentation for the February regular meeting.

MEMO – GENERAL FUND BUDGET TRANSFER

The Budget Officer transferred \$11,500 of funding between the Outside Agency and Streets Department of the General Fund to provide additional funds needed to rebuild the transmission of the Caterpillar backhoe in the Streets department.

From:	10-40-6170-9106	WHDA Contribution	\$11,500
To:	10-30-5710-1700	M/R Vehicles	\$11,500

Councilman Mercer inquired if this was the second time we’ve moved money from this fund? Mr. Alligood explained that this item had been “double booked” in the budget and we are pulling funds from that account to clear up that error.

REPORTS FROM BOARDS, COMMISSIONS AND COMMITTEES:
HUMAN RELATIONS COUNCIL (approved as presented)

SCHEDULED PUBLIC APPEARANCES:

Beaufort County Police Activities League President, Al Powell updated the Board on the PAL program and its accomplishments.

OLD BUSINESS:

Ed Peed Commemoration Service - Vice-chair St. Clair requested any comments or necessary changes to the Ed Peed event - none was given at this time. Board members discussed food items and monetary contributions.

Update - KaBOOM event - Councilman Pitt briefed the Board on the attendance and the purpose of the KaBOOM grant acknowledging the great community involvement for this event.

Discussion – Budget FY 2014-2015 - Vice-chair St. Clair explained the HRC will need to advise City Council of the events that are planned for FY 2014-2015 and request funding appropriation.

The Human Relations Council agreed on sponsoring the following events for FY 2014-2015 and the requested dollar amount is included:

1. Ed Peed Commemoration & Brotherhood/Sisterhood Week	\$	450.00
2. Fair Housing		250.00
3. Taste of Washington		200.00
4. Supplies		200.00
Total	\$	1,100.00

There were no new events presented or planned and with the resignation of Ms. Ann Cherry, who headed up the Multicultural Festival, the requested amount of funding decreased from \$1,500 to \$1,100 with the Board not sponsoring the Multicultural Festival.

By motion of Board member O'Pharrow, seconded by Board member Jennette, the Board agreed to request funding appropriation of \$1,100 for FY 2014-2015.

NEW BUSINESS:

Approve - 2014 Proclamations: Human Relations Council Month, Edward Peed Day, Brotherhood/Sisterhood Week and ASALH/Black History Month. By motion of Board member Albritton, seconded by Board member Jennette, the Board approved the aforementioned proclamations.

OTHER BUSINESS:

FYI - All FYI items and reminders were discussed inclusive of December 10, 2013 report submitted to City Council, and the financial report. Vice-chair St. Clair inquired if the two applicants who wish to be appointed to the Human Relations Council had been submitted to City Council. Council liaison Pitt explained that due to an oversight on his part, there was only one applicant submitted and he would submit Mr. Matthew Babcock for appointment to City Council in the February 10, 2014 Council meeting.

OPEN DISCUSSION:

Council liaison Pitt voiced he was in the process of drafting a letter to surrounding area Fire/EMS personnel inviting them to the Ed Peed Commemoration. Also, he updated the Board on the grand opening of Zaxby's and the Waffle House.

APPOINTMENTS:

APPOINTMENTS – HUMAN RELATIONS COUNCIL

By motion of Councilman Pitt, seconded by Councilman Brooks, Council appointed Matthew Babcock to the Human Relations Council to fill the unexpired term of Marisol Barr, term to expire June 30, 2016.

OLD BUSINESS:

ACCEPT – DEMOLITION OF 312 WATER STREET STRUCTURE

Mr. Alligood reviewed the request with Council noting that an ordinance to condemn the structure as unsafe and demolish and remove the structure was adopted October 12, 2012. The demolition contract was awarded to the lowest responsible bidder, St. Clair Trucking on the same date. Staff has spoken with the contractor as requested and St. Clair Trucking is in agreement with honoring the previous bid amount of \$8,400. In the interim, a letter was received from Mr. John P. Wood, Preservation/Restoration Specialist of the N.C. Department of Cultural Resources/State Historic Office, concerning the historical significance of this structure and has offered to discuss preservation options for your consideration. His letter is included in the agenda packet as well as: 1) Letter from Wayne Harrell, Chief Building Official, detailing his assessment of the property, 2) Memo from Jennifer Brennan, Community Development Planner, detailing her assessment of the property, and 3) Letter to William R. Henry, Jr., owner of the property, notifying him of the Council's proposed action. The FedEx tracking information indicates that the letter has been received by Mr. Henry.

Comments from the public regarding 312 Water Street

Steve Radar, Karen Tripp, Dee Congleton, Dianna Aideuis, Debra Carter, Mary Pat Musselman, Scott Campbell and David Conner expressed their concerns and opposition to the demolition of the structure at 312 Water Street. Topics discussed were the imposition of liens, foreclosure on the property and the potential number of buyers interested in the property. Speakers strongly urged Council to not move forward with anything that would destroy the house; instead they urged Council to save the structure and the integrity of the historic district. Speakers discussed 8 structures that the City of Goldsboro has purchased for preservation and offered for sale and suggested the City of Washington could do the same thing. Councilman Mercer inquired if the City of Goldsboro purchased the structures or if Preservation NC purchased them. It was explained that Goldsboro purchased the structures but Preservation NC is helping with marketing them for sale. It was suggested that Council remove the porch and have that cost applied to the liens.

Mayor Pro tem Roberson noted there is a gaping hole in the roof and it's just a matter of time before the roof collapses. Councilman Mercer inquired about the liens against the property. Franz Holscher, City Attorney explained there were some liens that were previously acquired against the property and were not filed until just recently. The estimated liens at this time are between \$5,600-\$8,400, we have sent Mr. Henry a demand to pay those liens within 30 days and that Council could potentially foreclose on that property if the liens are not paid.

Mayor Pro tem Roberson referenced the letter from the Chief Building Inspector that states the imminent hazard is the front porch. Mayor Pro tem Roberson inquired if Council could gain access to the inside of the structure? City Manager, Brian Alligood explained that this is private property and permission would have to be granted by the property owner. City Attorney, Franz Holscher noted that he would dissuade Council from entering the structure without the property owner's permission. Mr. Holscher explained that we have not imposed civil penalties for violation of the demolition by neglect ordinance. The liens that have been imposed are assessments that the City has incurred for work such as mowing, removing a shed and removing the structure at 324 Water Street owned by this property owner.

A motion was made by Mayor Pro tem Roberson and seconded by Councilman Beeman to institute the civil penalties and remove the front porch on the structure located at 312 Water Street. (Discussion was held and the vote was held later in the meeting.)

Councilman Mercer referenced minutes from the October 2013 Council meeting. At that time, Mayor Jennings suggested to Mr. Radar that if there was a group of people interested in buying the home, then they need to come forward and make some offers. Councilman Mercer noted that to this date, Council has not seen a list of people with offers to purchase.

Franz Holscher noted that in October 2013, staff had been given authority to delay the COA for 90 days (has been done), check status of taxes (taxes are current), check status of existing assessment liens and consider foreclosure (performing this task now) and explore the assessment of civil penalties and determine if that is a basis for foreclosure. Since that meeting,

we have spoken with Council several times regarding this topic. The City Attorney noted he has legal concerns regarding imposing civil penalties for Mr. Henry's failure to comply with an order from the Historic Preservation Commission that was entered in 2008 and was not served upon him until 2010, especially in light of the fact that the City has condemned the property. He feels he would have a difficult argument in court if he had to tell the judge, that after the City condemned the property, we imposed civil penalties to try to make him rehab the house in order to enforce the prevention of demolition by neglect ordinance. Mr. Holscher noted direction from Council has been: assessments against the property, liens filed against the property based on that assessment, this is the path we have pursued concurrent with the consideration of demolishing the property under Council's previous order from November 2012. If council wants us to pursue civil penalties as well, then this would be a third avenue.

City Manager, Brian Alligood explained that the request is before Council tonight, because Council directed staff to verify with the bidder from 2012 to determine if the bid was still valid. Staff has completed this task and the bidder will still honor the price from 2012.

Councilman Brooks asked if Mayor Pro tem Roberson's motion was to demolish the house. Mayor Pro tem Roberson explained that his motion was to institute the civil penalties and remove the front porch.

Mr. Holscher explained the foreclosure process, noting that in a perfect world, the foreclosure process takes 4-6 months. Discussion was held regarding rehabilitating the structure and current building and flood codes.

Mr. Alligood explained that the immediate concern is the front porch. If the inclination of Council is to wait on the potential service of the liens to force the foreclosure and see if Mr. Henry will pay those or not, then our immediate concern is the front porch and the safety hazard there. We would not want to have all of this conversation about this house and have something occur, and then the City could be held liable. Mr. Alligood suggested if Council was so inclined to do so, he would suggest them taking action to at least remove the porch, which is an imminent hazard and add that cost as a lien as well during the foreclosure 4-6 month period.

Councilman Mercer suggested that the citizens send a valid offer to purchase and send it to Mr. Henry to see if he will accept it or refuse their offer. Mr. Alligood noted that it is his understanding that Preservation NC made an offer and Mr. Henry refused that offer.

Motion restated that was made prior to discussion: Mayor Pro tem Roberson made a motion to institute the civil penalties and to remove the front porch from 312 Water Street. The motion was seconded by Councilman Beeman. Voting in favor of the motion: Roberson, Beeman & Pitt; against: Brooks & Mercer. Motion carried: 3-2.

**ADOPT – RESOLUTION TO ACCEPT A GRANT FROM NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION TO HELP FUND THE AIRPORT
TERMINAL PROJECT (\$500,000)**

Brian Alligood, City Manager explained the grant is for State Aid to Airports in the amount of \$500,000. The City's matching contribution for these funds is \$55,555, or 10% of the total \$555,555. This grant will be combined with the other grant on the agenda tonight to fund the majority of this project. The matching proceeds for both of these grants will be the insurance proceeds from where the building was destroyed on July 1, 2012. On December 9, 2013, Council tentatively awarded a construction contract to A.R. Chesson Construction Company.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted the resolution to accept a grant from North Carolina Department of Transportation to help fund the airport terminal project in the amount of \$500,000.

BLOCK GRANT AGREEMENT
NON PRIMARY ENTITLEMENT FUNDING

STATE AID TO AIRPORTS BLOCK GRANT
BETWEEN
THE N. C. DEPARTMENT OF TRANSPORTATION,
AN AGENCY OF THE STATE OF NORTH CAROLINA
AND
CITY OF WASHINGTON

AIRPORT: WARREN FIELD

PROJECT NO: 36237.38.13.1

THIS AGREEMENT made and entered into this the 24th day of February, 2014, by and between the NORTH CAROLINA DEPARTMENT OF TRANSPORTATION (hereinafter referred to as "Department") and the CITY OF WASHINGTON, the owners of WARREN FIELD (hereinafter referred to as "Sponsor").

WITNESSETH

WHEREAS, Chapter 63 of the North Carolina General Statutes authorizes the Department to administer a program of State Aid to Airports, subject to the limitations stated in that Chapter; and

WHEREAS, the Department has received the approval of the Federal Aviation Administration to administer certain Airport Improvement Program Funds in North Carolina under the provisions of the FAA Modernization and Reform Act of 2012; and

WHEREAS, the Department has approved a grant of funds to the Sponsor under the State Block Grant Program Non Primary Entitlement funds.

NOW THEREFORE, the Department and the Sponsor do hereby mutually agree as follows:

- 1) That the approved scope of this project shall consist of:
NEW TERMINAL BUILDING
- 2) That the Grant of funds shall include maximum funding obligations for federal funds which shall be:
State Block Grant NPE Program: \$199,277 (not to exceed 90% of the final total costs)
- 3) That the funding obligations referenced in (2) above shall be the maximum obligations based on the final cost of eligible work items in the approved project, as certified by the Sponsor
- 4) That the Sponsor shall promptly undertake the Project and complete all work on the Project no later than JULY 1, 2017, unless a written extension of time is granted by the Department.

DOA FORM (12/10)

- 5) That all work performed on the Project shall conform to the approved scope of work referenced in this Agreement. Any amendments or modifications to the approved scope of work, approved grant amounts, or this Agreement shall not be authorized by the Department unless they are contained in a written modification to this Agreement and fully executed by both the Sponsor and the Department.
- 6) Debarment and Suspension: The Grantee agrees to comply, and assures the compliance by each of its third party contractors and subrecipients at any tier, with the provisions of Executive Orders Nos. 12549 and 12689, "Debarment and Suspension," 31 U.S.C. § 6101 note, and U.S. DOT regulations on Debarment and Suspension at 49 C.F.R. Part 29.
- 7) The Sponsor certifies that it has adhered to all applicable laws, regulations, and procedures in the application for and Sponsor's approval of this Grant.
- 8) For a material breach of this Agreement or the Sponsor's Assurances, the Sponsor shall be liable to the Department for the return of all grant monies received.
- 9) The Sponsor agrees to adhere to the standards and procedures contained in the State Aid to Airports Program Guidance Handbook (third edition, dated January 1997), unless the Department issues a written waiver to the contrary.
- 10) The Sponsor agrees to adhere to and be bound by the Grant Assurances of the Federal Aviation Administration, said Grant Assurances contained in Appendix I of this Grant Agreement. Further, the Sponsor agrees that it shall be responsible to the Federal Aviation Administration, or its designated agent, for enforcement of such Grant Assurances including any penalties, sanctions, or other actions which may be legally enforceable for lack of compliance with said Grant Assurances.
- 11) The Sponsor agrees to comply with the "Sponsor Assurances" contained as part of this Agreement.
- 12) N.C.G.S. § 133-32 and Executive Order 24 prohibit the offer to, or acceptance by, any State Employee of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of any response in this grant agreement, you attest, for your entire organization and its employees or agents that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

DOA FORM (12/10)

IN WITNESS WHEREOF, THE PARTIES HERETO EXECUTED THIS GRANT AGREEMENT THE DAY AND YEAR FIRST WRITTEN ABOVE:

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION:

NCDOT SEAL

BY: [Signature]
Deputy Secretary for Transit

ATTEST: Sarah Mitchell

SPONSOR

SPONSOR SEAL



SIGNED: Bruce M. Allgood

TITLE: City Manager

ATTEST: Cynthia S. Bennett, City Clerk

STATE OF NORTH CAROLINA, COUNTY OF Beaufort
Renee B. Johnson, a Notary Public in and for the County and State aforesaid, do hereby certify
that Bruce M. Allgood personally came before me this day and acknowledged that he
is City Manager of the City of Washington
(Title) (Sponsor)
(hereinafter referred to as "Sponsor" and by authority duly given and as an act of said Sponsor, the foregoing instrument was
signed by him, attested by Cynthia S. Bennett, City Clerk of the Sponsor, and the
(Name and Title)
Seal of the Sponsor affixed hereto.

WITNESS my hand and Notarial Seal, this the 10th day of February, 20 14.
Renee B. Johnson
Notary Public (Signature)
My Commission expires: 12/14/2014 SEAL

DOA FORM (12/10)

RESOLUTION

A motion was made by Doug Moscer, Councilman and seconded by
(Name and Title)
Larry Beeman, Councilman for the adoption of the following resolution, and upon
(Name and Title)
being put to a vote was duly accepted:

WHEREAS, a Grant in the amount of \$199,277 has been approved by the Department based on total estimated cost
of \$221,419; and
WHEREAS, an amount equal to or greater than ten percent (10%) of the total estimated project cost has been
appropriated by the Sponsor for this Project.

NOW THEREFORE, BE AND IT IS RESOLVED THAT THE City Manager
(Title)
of the Sponsor be and he hereby is authorized and empowered to enter into a Grant Agreement with the Department, thereby
binding the Sponsor to the fulfillment of its obligation incurred under this Grant Agreement or any mutually agreed upon
modification thereof.

I, Cynthia S. Bennett, City Clerk of the
(Name and Title)
City of Washington do hereby certify that
(Sponsor)
the above is a true and correct copy of an excerpt from the minutes of the
City of Washington City Council of a meeting
(Sponsor)
duly and regularly held on the 10th day of February, 20 14.

This, the 10th day of February, 20 14.
Cynthia S. Bennett
Signed: Cynthia S. Bennett
Title: City Clerk
Of The: City of Washington
SPONSOR SEAL



SECTION A: SPONSOR'S ASSURANCES: GENERAL CONDITIONS

- A-1. The Sponsor certifies that it holds fee simple title to the property on which this project is to be constructed. In the event any work is proposed on property which has an easement or lease in the Sponsor's name, the Sponsor agrees that it will comply with the Department's conditions and receive written approval prior to any construction on such lease or easements. This condition does not apply to planning projects.
- A-2. The Sponsor agrees to operate the Airport for the use and benefit of the general public and shall not deny reasonable access to public facilities by the general public.
- A-3. The Sponsor agrees to operate, maintain, and control the Airport in a safe and serviceable condition for a minimum of twenty (20) years following the date of this Agreement and shall immediately undertake, or cause to be undertaken, such action to correct safety deficiencies as may be brought to its attention by the Department.
- A-4. The Sponsor agrees that any land purchased, facilities constructed, or equipment acquired under this Agreement shall not be sold, swapped, leased or otherwise transferred from the control of the Sponsor without written concurrence of the Department.
- A-5. The Sponsor agrees that the state share of any land purchased, facilities constructed, or equipment acquired under this Agreement shall be credited to the Department in a manner acceptable to the Department in the event such land, facilities or equipment are subsequently disposed of through sale or lease.
- A-6. Insofar as it is within its power and reasonable, the Sponsor shall, either by the acquisition and retention of property interest, in fee or easement, or by appropriate local zoning action, prevent the construction of any object which may constitute an obstruction to air navigation under the appropriate category of Federal Air Regulation Part 77, 14 CFR 77.
- A-7. Insofar as it is within its power and reasonable, the Sponsor shall, restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and taking off of aircraft and the noise produced by such operations by adoption of zoning laws, by acquisition and the retention of property interest, in fee or easement.
- A-8. Terminal building spaces constructed under this Grant Agreement shall be for the use of the general public. The Sponsor agrees that it will not use any space so constructed for private use, or charge fees for the use of such space, without the written approval of the Department.

SECTION B: SPONSOR'S ASSURANCES: PROJECT ADMINISTRATION

- B-1. The Airport shall comply with all requirements of the State Aid to Airports Program Guidance Handbook (third edition, January 1997).
- B-2. It is the policy of this State, to encourage and promote participation by disadvantaged minority owned and women owned businesses (MBE and WBE) in contracts let by the Department pursuant to GS 136-28.4 for the planning, design, preconstruction, construction, alteration, or maintenance of State transportation infrastructure construction, and in the procurement of materials for these projects. All State agencies, institutions, and political subdivisions shall cooperate with the Department of Transportation and among themselves in all efforts to conduct outreach and to encourage and promote the use of disadvantaged minority owned and women owned businesses in these contracts. This is designed to ensure minority MBEs and WBEs have maximum opportunity to participate in performance of NCDOT contracts let using state funding. The sponsor assures and certifies with respect to this grant that they will pursue these requirements as stipulated by the Department in the advertising, award and administration of all contracts, and require the same for all contractors, sub recipient or subcontractors.
- MBE/WBE program is governed by G.S. 136-28.4 and administered in accordance with Title 19A Chapter 02 SubChapter D Section .1101 - .1112 of North Carolina Administrative Code (19A NCAC 02D.1101).
- B-3. The Sponsor shall submit draft plans and specifications, or approved alternate, for the project for review by the Department prior to advertising for bids on the Project. Should bids not be required on the project, the Sponsor shall submit a detailed scope of work and estimated costs prior to requesting "Project Concurrence and Notice to Proceed" form (AV-CONCUR/AV-503) for undertaking the project. All plans (and alternate) shall be supported by engineer's report. A list of deliverable(s) from the Sponsor to the Department is as follows:
- Planning Projects
1. Interim Planning Submittals – All Airport Layout Plan Sheets, Reports, Projections, Construction Cost Estimate, drawings, sketches and all other pertinent information – electronic copy: PDF format. Paper copy, if requested: bond copy – true half-size.
 2. Final Submittal - All Airport Layout Plan Sheets, Reports, Projections, Construction Cost Estimate, drawings, sketches and all other pertinent information – electronic copies: PDF format and AutoCAD or MicroStation format - Paper copy: bond– true half-size for plan sheets / sketches
 - a. All reports, projections – PDF Format. Any element of the documents shall be delivered in its original electronic format (i.e. MSWord, Excel, AutoCAD...) if requested by the Department
 - b. Sketches and drawings – electronic copies: PDF format and AutoCAD or MicroStation format - Paper copy: bond – true half-size for plan sheets / sketches.

Construction Projects

1. Interim Design Submittals (i.e. 30%, 60%, 90%....) – Plan Sheets, Technical Specifications, Itemized Construction Cost Estimate and Engineers Report – electronic copy: PDF format. Paper copy, if requested: bond true half-size for plan sheets.
2. 100% Design and Issue for Bid Submittals – Plan Sheets, Technical Specifications, Itemized Construction Cost Estimate, Engineer’s Report, and Bid Tab – Any element of the documents shall be delivered in electronic format (i.e. MS Excel and PDF format) and AutoCAD or MicroStation format and Paper copy: bond- true half-size for plan sheets.
3. As-built / Record Drawings
 - a. Contract Documents (Plan and Detail Sheets, Technical Specifications) – electronic copies: PDF format and AutoCAD or MicroStation format and Paper copy: bond- true half-size for plan sheets.
 - b. Technical Specifications – electronic copies: MS Word File and PDF format
 - c. Final Engineers Report – electronic copies: PDF format unless otherwise requested.

B-4. Bids will be taken in accordance with N. C. General Statute 143-129. Following bid opening or final contract negotiations, the Sponsor shall submit the "Project Concurrence and Notice to Proceed" (AV-CONCUR/AV-503) request along with the bid tabulations to the Department for review. The Department will take action on the request including the approval or disapproval of the Sponsor's Employment of specific contractors within ten (10) days of receipt. Approval will be communicated via a Contract Goal Requirements Letter sent directly to the Sponsor.

B-5. All contractor(s) who bid or submit proposals for contracts in connection with this project must submit a statement of non-collusion to the Sponsor.

B-6. The Sponsor shall not commence construction or award construction contracts on the project until a written "Project Concurrence and Notice to Proceed" (AV-CONCUR/AV-503) is co-signed by the Sponsor's Representative and the Department or alternate written approval is provided by the Department.

B-7. The Sponsor shall submit quarterly status reports (AV-STATUS/AV-502) to the Department, unless otherwise instructed, and will immediately notify the Department of any significant problems which are encountered in the completion of the project.

B-8. The Sponsor shall notify the Department of any significant meetings or inspections involving the Sponsor, his contractor(s), consultant(s), and/or federal funding agencies concerning Project.

B-9. The Sponsor shall notify the Department within thirty (30) days of completion of all work performed under this agreement for the purpose of final acceptance inspection and completion of audit requirements by the Department.

B-10. The Sponsor has full responsibility for assuring the completed Project meets the requirements of the Department and appropriate federal funding agencies. The Sponsor further certifies that all local, state, and federal requirements for the conduct of this Project shall be met.

B-11. It is the policy of the Department not to award contracts to contractors who have been removed from the Department's list of pre-qualified bidders without subsequent reinstatement. Therefore, no State funds will be provided for any work performed by the contractor(s), or sub-contractor(s) which had been removed from the Department's list of pre-qualified bidders without subsequent reinstatement as of the date of the signing of the construction contract. It shall be the responsibility of Sponsor to insure that only properly qualified contractors are given construction contracts for work.

SECTION C: SPONSOR'S ASSURANCES: PROJECT ACCOUNTING AND PAYMENT

C-1. The Sponsor shall record all funds received under this Agreement and shall keep the same in an identifiable Project account. The Sponsor, and his contractor(s) and/or consultant(s), shall maintain adequate records and documentation to support all Project costs incurred under this Grant. All records and documentation in support of the Project costs must be identifiable as relating to the Project and must be acceptable costs only. Acceptable costs are defined as those costs which are acceptable under "Federal Acquisition Regulations 1-31.6, 48 CFR (OMC Circular A-87)". Acceptable items of work are those referenced in the State Aid to Airports Program Guidance Handbook and North Carolina General Statutes. The Sponsor's accounting procedures which were established for work as set out in this Agreement must be reviewed and accepted by the Department prior to the final execution of this Agreement and payment of State funds, except for Sponsor reporting under OMB Circular A-133.

C-2. The Sponsor and his contractor(s) and/or consultant(s) shall permit free access to its accounts and records by official representatives of the State of North Carolina. Furthermore, the Sponsor and contractor(s) and/or consultant(s) shall maintain all pertinent records and documentation for a period of not less than five (5) years from the date of final payment.

C-3. In accordance with OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" (www.whitehouse.gov/wh/eop/omb), the Airport shall arrange for an independent financial and compliance audit of its fiscal operations. The Airport shall furnish the Department with a copy of the independent audit report within thirty (30) days of completion of the report, but not later than nine (9) months after the Airports fiscal year ends.

The Airport shall maintain all books, documents, papers, accounting records, and such other evidence as may be appropriate to substantiate costs incurred under this Agreement. Further, the Airport shall make such materials available at its office at all reasonable times during the contract period, and for five (5) years from the date of final payment under this agreement, for inspection and audit by the Department’s Fiscal Section

C-4. Payment of the funds obligated under this Grant Agreement shall be made in accordance with the following schedule, unless otherwise authorized by the Department:

A. Payments from NCDOT to the Sponsor are made on a reimbursement basis. The Sponsor must pay all contractors/vendors prior to or within 3 business days of receipt of the Department's reimbursement.

B. Payments will be made on the basis of progress payments which may be requested by the Sponsor as costs are incurred, but not more frequently than monthly. Progress payments will be made provided the following requirements have been met:

- (1) The Grant Agreement has been executed and a Project Concurrence (AV-CONCUR/AV-503) issued.
- (2) The Project has received an appropriate environmental finding.
- (3) The Sponsor has submitted a Proposed Project Budget (AV-BUDGET/AV-504) accurately reflecting costs to date. The initial and revised AV-BUDGET/AV-504 shall be approved by the Department. With each AV-BUDGET/AV-504, the Sponsor shall provide the following documentation:
 - a) Scope of Services for the project, Consultant Fee - Man-hours Breakdown by task with hourly rates, Breakdown of Sub-consultant and / or Vendor Cost, Schedule of Deliverables, Estimated Construction Cost, Plan Sheet List
 - b) Actual Bidding Cost (once a project is bid) – Bid Tabulation / Bid Schedule, Recommendation for Award.
- (4) Additional information shall be provided as requested.
- (5) The Sponsor has submitted an executed Interim Payment Request (AV-PAY/AV-505) accurately reflecting costs incurred to date.
- (6) The Sponsor has complied with all applicable conditions of the State Aid to Airports Program Guidance Handbook

C. The submission of progress payments is expected to parallel the value of work actually completed and costs incurred. At such point the Sponsor has requested payments equaling 100% of the State Grant, it is expected that the approved Project will be 100% complete.

D. Upon receipt of 100% of the State Grant, the Sponsor will promptly complete Project acceptance and submit the Project Completion and Final Payment Request (AV-FINAL/AV-506).

C-5. If after the acceptance of the Project by the Department, the final State share of approved eligible items is less than the amount of State funds actually disbursed for the Project, the Sponsor shall reimburse the Department in an amount equal to the difference between the amount of State funds actually disbursed and the final State share of the final, audited, approved eligible Project costs within thirty (30) days of notification by the Department of the amount due.

C-6. If after the acceptance of the Project by the Department, the final State share of approved eligible Project costs shall be more than the amount of State funds obligated for the Project, the Sponsor may make application to the Department for a corresponding increase which will be considered for funding in accordance with their relative priority versus other applications for available State funds.

C-7. Under certain conditions, projects originally involving only state and local funds may subsequently be eligible for reimbursement from federal funding agencies. In such cases, the Sponsor shall notify the Department of its intent to apply for federal reimbursement and shall keep the Department informed of the status of such application. In the event federal funds are obtained for all or a portion of the Project, the Sponsor shall refund to the Department an amount equal to the difference between State funds originally disbursed for the work item(s) subsequently receiving federal funds and the final State share of the costs of the affected item(s) of work. Reimbursement will be made within ninety (90) days of the date of the final execution of the FAA Grant Agreement affecting the work elements in the approved Project.

C-8. For the purpose of calculating the State share of the Project, federal funds are defined as funds provided by an agency of the federal government for the specific purpose of undertaking the Project, including Block Grant funds administered by the Department.

SECTION D: SPONSOR'S ASSURANCES: REAL PROPERTY ACQUISITION

D-1. The acquisition of land, buildings, and other real property involving the use of State Airport Aid funds shall be in compliance with the provisions of this Section.

D-2. The Sponsor shall depict each parcel to be acquired on an airport property map containing the identity of the parcel and its metes and bounds.

D-3. The acquisition cost of each parcel, building, or other real property acquired with State financial assistance shall be based on the fair market value of the property as determined by an appraisal process acceptable to the Department.

D-4. For each parcel or building with an estimated cost of \$100,000 or less, fair market value shall be established by a single original appraisal and a review appraisal. For complex acquisitions, fair market value shall be established by two original appraisals and one review appraisal.

D-5. All original and review appraisals shall be conducted by qualified appraisers who have no financial or other interest in the property to be acquired.

D-6. The fair market value of a parcel will be established by the review appraiser based upon the information contained in the original appraisal or appraisals.

D-7. No negotiation for property acquisition shall be commenced between the Sponsor and the property owner until the fair market value of the property has been established. Initial negotiations shall be based upon the fair market value.

D-8. Negotiated values above the fair market value shall not be eligible for State funds unless, prior to the final agreement for acquisition, the Sponsor has received the concurrence of the Department for paying such negotiated values in lieu of the appraised fair market value.

D-9. Sponsors who adhere to the federal "Uniform Guidelines for the Acquisition of Property" shall be deemed to have conformed to the Department's guidelines, except that Paragraph 8 above shall also be applicable under such acquisitions.

D-10. In the event the Project is a low value, non-complex acquisition, the Department, at its option, may accept the original appraisal without the review appraisal. In such cases, all other provisions of this Section shall apply.

D-11. Failure to follow the requirements of this Section shall disqualify the property from State participation for any parcel which has not been acquired in accordance with such standards.

SECTION E: Sponsor's Acknowledgement of Executive Order 24, issued by Governor Perdue, and N.C. G.S. § 133-32

E-1 Sponsor acknowledges and agrees that it is unlawful for any vendor or contractor (i.e. architect, bidder, contractor, construction manager, design professional, engineer, landlord, offeror, seller, subcontractor, supplier, or vendor), to make gifts or to give favors to any State employee of the Governor's Cabinet Agencies (i.e., Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Environment and Natural Resources, Health and Human Services, Juvenile Justice and Delinquency Prevention, Revenue, Transportation, and the Office of the Governor). This prohibition covers those vendors and contractors who:

- (1) have a contract with a governmental agency; or
- (2) have performed under such a contract within the past year; or
- (3) anticipate bidding on such a contract in the future.

For additional information regarding the specific requirements and exemptions, vendors and contractors are encouraged to review Executive Order 24 and G.S. Sec. 133-32.

Revised 1/2/13

**ADOPT – RESOLUTION TO ACCEPT A GRANT FROM NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION TO HELP FUND THE AIRPORT**

The agreement is for the remaining 2012 Vision 100 grant funds (\$49,277) and all of the 2013 Vision 100 grant funds (\$150,000). These amounts are being combined into one grant. The City's matching contribution for these funds is \$22,142, or 10% of the total \$221,419. This grant will be combined with the other grant on the agenda tonight to fund the majority of this project. The matching proceeds for both of these grants will be the insurance proceeds from where the building was destroyed on July 1, 2012.

By motion of Councilman Mercer, seconded by Councilman Beeman, Council adopted a resolution to accept a grant in the amount of \$199,277 from the North Carolina Department of Transportation to help fund the Airport Terminal Project.

GRANT AGREEMENT

STATE AID TO AIRPORTS
BETWEEN
THE N. C. DEPARTMENT OF TRANSPORTATION,
AN AGENCY OF THE STATE OF NORTH CAROLINA
AND
CITY OF WASHINGTON

AIRPORT: WARREN FIELD

PROJECT # 36244.51.9.1

This Agreement made and entered into this the 24 day of February, 20 14, by and between the NORTH CAROLINA DEPARTMENT OF TRANSPORTATION (hereinafter referred to as "Department") and the CITY OF WASHINGTON, the public agency owning WARREN FIELD (hereinafter referred to as "Sponsor").

WITNESSETH

WHEREAS, Chapter 63 of the North Carolina General Statutes authorizes the Department, subject to limitations and conditions stated therein, to provide State Aid in the forms of loans and grants to cities, counties, and public airport authorities of North Carolina for the purpose of planning, acquiring, and improving municipal, county, and other publicly-owned or publicly controlled airport facilities, and to authorize related programs of aviation safety, education, promotion and long-range planning; and

WHEREAS, the Sponsor has made a formal application dated DECEMBER 5, 2013 to the Department for State Financial Aid for WARREN FIELD; and

WHEREAS, a grant in the amount of \$500,000 not to exceed 90 percent of the non-federal share of the final, eligible project costs has been approved subject to the conditions and limitations herein; and

WHEREAS, the Grant of State Airport Aid funds will be used for the following approved Project (if a federal aid project, this scope shall also include any modifications thereto by the Federal Aviation Administration):

NOW THEREFORE, the Sponsor and Department do mutually hereby agree as follows:

PROJECT DESCRIPTION:

NEW TERMINAL BUILDING

DOA FORM (12/10)

1) That the Sponsor shall promptly undertake the Project and complete all work on the Project prior to the 1st day of JULY 2017, unless a written extension of time is granted by the Department.

2) Work performed under this Agreement shall conform to the approved project description. Any amendments to, or modification of, the scope and terms of this Agreement shall be in the form of a Modified Agreement mutually executed by the Sponsor and the Department, except that an extension of time may be granted by the Department by written notice to the Sponsor.

3) Debarment and Suspension: The Grantee agrees to comply, and assures the compliance by each of its third party contractors and sub recipients at any tier, with the provisions of Executive Orders Nos. 12549 and 12689, "Debarment and Suspension," 31 U.S.C. § 6101 note, and U.S. DOT regulations on Debarment and Suspension at 49 C.F.R. Part 29.

4) The Sponsor certifies that it has adhered to all applicable laws, regulations, and procedures in the application for and Sponsor's approval of the Grant.

5) For a material breach of this Agreement or the Sponsor's Assurances, the Sponsor shall be liable to the Department for the return of all grant monies received.

6) The Sponsor agrees to adhere to the standards and procedures contained in the State Aid to Airports Program Guidance Handbook (third edition, dated January 1997), unless the Department issues a written waiver.

7) The Sponsor agrees to comply with the "Sponsor's Assurances" contained as a part of this Agreement.

8) N.C.G.S. § 133-32 and Executive Order 24 prohibit the offer to, or acceptance by, any State Employee of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of any response in this grant agreement, you attest, for your entire organization and its employees or agents that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

DOA FORM (12/10)

IN WITNESS WHEREOF, THE PARTIES HERETO EXECUTED THIS GRANT AGREEMENT THE DAY AND YEAR FIRST WRITTEN ABOVE:

NCDOT SEAL

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION:

BY: [Signature]
Deputy Secretary for Transit

ATTEST: Sarah Mitchell

SPONSOR:

Signed: Brian M. Allgood

Title: City Manager

Attest: Cynthia S. Bennett, City Clerk



STATE OF NORTH CAROLINA, COUNTY OF Beaufort
I, Reatha B. Johnson, a Notary Public in and for the County and State aforesaid, do hereby certify that Brian M. Allgood personally came before me this day and acknowledged that he is City Manager of the City of Washington (Sponsor) (hereinafter referred to as "Sponsor" and by authority duly given and as an act of said Sponsor, the foregoing instrument was signed by him, attested by Cynthia S. Bennett, City Clerk of the Sponsor, (Name and Title)

And the Seal of the Sponsor affixed hereto.

WITNESS my hand and Notarial Seal, this the 10th day of February, 2014.

Reatha B. Johnson
Notary Public (Signature)

My Commission expires: 12/14/2014

SEAL

DOA FORM 12/10

Page 3 of 11



RESOLUTION

A motion was made by Doug Mercer, Councilman and seconded by Bobby Roberson, Mayor Pro Tem for the adoption of the following resolution, and upon being put to a vote was duly accepted:

WHEREAS, a Grant in the amount of \$500,000 has been approved by the Department based on total estimated cost of \$555,556; and

WHEREAS, an amount equal to or greater than 10 percent of the total estimated project cost has been appropriated by the Sponsor for this Project.

NOW THEREFORE, BE AND IT IS RESOLVED THAT THE City Manager of the Sponsor be and he hereby is authorized and empowered to enter into a Grant Agreement with the Department, thereby binding the Sponsor to the fulfillment of its obligation incurred under this Grant Agreement or any mutually agreed upon modification thereof.

I, Cynthia S. Bennett, City Clerk of the City of Washington do hereby certify that the above is a true and correct copy of an excerpt from the minutes of the City of Washington City Council of a meeting duly and regularly held on the 10th day of February, 20 14.

This, the 10th day of February, 20 14.

SPONSOR SEAL

Signed: Cynthia S. Bennett
Title: City Clerk
Of The: City of Washington



DOA FORM 12/10

Page 4 of 11

SECTION A: SPONSOR'S ASSURANCES: GENERAL CONDITIONS

- A-1. The Sponsor certifies that it holds fee simple title to the property on which this project is to be constructed. In the event any work is proposed on property which has an easement or lease in the Sponsor's name, the Sponsor agrees that it will comply with the Department's conditions and receive written approval prior to any construction on such lease or easements. This condition does not apply to planning projects.
- A-2. The Sponsor agrees to operate the Airport for the use and benefit of the general public and shall not deny reasonable access to public facilities by the general public.
- A-3. The Sponsor agrees to operate, maintain, and control the Airport in a safe and serviceable condition for a minimum of twenty (20) years following the date of this Agreement and shall immediately undertake, or cause to be undertaken, such action to correct safety deficiencies as may be brought to its attention by the Department.
- A-4. The Sponsor agrees that any land purchased, facilities constructed, or equipment acquired under this Agreement shall not be sold, swapped, leased or otherwise transferred from the control of the Sponsor without written concurrence of the Department.
- A-5. The Sponsor agrees that the state share of any land purchased, facilities constructed, or equipment acquired under this Agreement shall be credited to the Department in a manner acceptable to the Department in the event such land, facilities or equipment are subsequently disposed of through sale or lease.
- A-6. Insofar as it is within its power and reasonable, the Sponsor shall, either by the acquisition and retention of property interest, in fee or easement, or by appropriate local zoning action, prevent the construction of any object which may constitute an obstruction to air navigation under the appropriate category of Federal Air Regulation Part 77, 14 CFR 77.
- A-7. Insofar as it is within its power and reasonable, the Sponsor shall, restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and taking off of aircraft and the noise produced by such operations by adoption of zoning laws, by acquisition and the retention of property interest, in fee or easement.
- A-8. Terminal building spaces constructed under this Grant Agreement shall be for the use of the general public. The Sponsor agrees that it will not use any space so constructed for private use, or charge fees for the use of such space, without the written approval of the Department.

SECTION B: SPONSOR'S ASSURANCES: PROJECT ADMINISTRATION

- B-1. The Airport shall comply with all requirements of the State Aid to Airports Program Guidance Handbook (third edition, January 1997).
- B-2. It is the policy of this State, to encourage and promote participation by disadvantaged minority owned and women owned businesses (MBE and WBE) in contracts let by the Department pursuant to GS 136-28.4 for the planning, design, preconstruction, construction, alteration, or maintenance of State transportation infrastructure construction, and in the procurement of materials for these projects. All State agencies, institutions, and political subdivisions shall cooperate with the Department of Transportation and among themselves in all efforts to conduct outreach and to encourage and promote the use of disadvantaged minority owned and women owned businesses in these contracts. This is designed to ensure minority MBEs and WBEs have maximum opportunity to participate in performance of NCDOT contracts let using state funding. The sponsor assures and certifies with respect to this grant that they will pursue these requirements as stipulated by the Department in the advertising, award and administration of all contracts, and require the same for all contractors, sub recipient or subcontractors.
- MBE/WBE program is governed by G.S. 136-28.4 and administered in accordance with Title 19A Chapter 02 Subchapter D Section .1101 - .1112 of North Carolina Administrative Code (19A NCAC 02D.1101).
- B-3. The Sponsor shall submit draft plans and specifications, or approved alternate, for the project for review by the Department prior to advertising for bids on the Project. Should bids not be required on the project, the Sponsor shall submit a detailed scope of work and estimated costs prior to requesting "Project Concurrence and Notice to Proceed" form (AV-CONCUR/AV-503) for undertaking the project. All plans (and alternate) shall be supported by engineer's report. A list of deliverable(s) from the Sponsor to the Department is as follows:
- Planning Projects
- Interim Planning Submittals – All Airport Layout Plan Sheets, Reports, Projections, Construction Cost Estimate, drawings, sketches and all other pertinent information – electronic copy: PDF format. Paper copy, if requested: bond copy – true half-size.
 - Final Submittal - All Airport Layout Plan Sheets, Reports, Projections, Construction Cost Estimate, drawings, sketches and all other pertinent information – electronic copies: PDF format and AutoCAD or MicroStation format - Paper copy: bond– true half-size for plan sheets / sketches
 - All reports, projections – PDF Format. Any element of the documents shall be delivered in its original electronic format (i.e. MSWord, Excel, AutoCAD...) if requested by the Department
 - Sketches and drawings – electronic copies: PDF format and AutoCAD or MicroStation format - Paper copy: bond – true half-size for plan sheets / sketches.

Construction Projects

1. Interim Design Submittals (i.e. 30%, 60%, 90%...) – Plan Sheets, Technical Specifications, Itemized Construction Cost Estimate and Engineers Report – electronic copy: PDF format. Paper copy, if requested: bond true half-size for plan sheets.
2. 100% Design and Issue for Bid Submittals – Plan Sheets, Technical Specifications, Itemized Construction Cost Estimate, Engineer's Report, and Bid Tab – Any element of the documents shall be delivered in electronic format (i.e. MS Excel and PDF format) and AutoCAD or MicroStation format and Paper copy: bond– true half-size for plan sheets.
3. As-built / Record Drawings
 - a. Contract Documents (Plan and Detail Sheets, Technical Specifications) – electronic copies: PDF format and AutoCAD or MicroStation format and Paper copy: bond– true half-size for plan sheets.
 - b. Technical Specifications – electronic copies: MS Word File and PDF format
 - c. Final Engineers Report – electronic copies: PDF format unless otherwise requested.

B-4. Bids will be taken in accordance with N. C. General Statute 143-129. Following bid opening or final contract negotiations, the Sponsor shall submit the "Project Concurrence and Notice to Proceed" (AV-CONCUR/AV-503) request along with the bid tabulations to the Department for review. The Department will take action on the request including the approval or disapproval of the Sponsor's Employment of specific contractors within ten (10) days of receipt. Approval will be communicated via a Contract Goal Requirements Letter sent directly to the Sponsor.

B-5. All contractor(s) who bid or submit proposals for contracts in connection with this project must submit a statement of non-collusion to the Sponsor.

B-6. The Sponsor shall not commence construction or award construction contracts on the project until a written "Project Concurrence and Notice to Proceed" (AV-CONCUR/AV-503) is co-signed by the Sponsor's Representative and the Department or alternate written approval is provided by the Department.

B-7. The Sponsor shall submit quarterly status reports (AV-STATUS/AV-502) to the Department, unless otherwise instructed, and will immediately notify the Department of any significant problems which are encountered in the completion of the project.

B-8. The Sponsor shall notify the Department of any significant meetings or inspections involving the Sponsor, his contractor(s), consultant(s), and/or federal funding agencies concerning Project.

B-9. The Sponsor shall notify the Department within thirty (30) days of completion of all work performed under this agreement for the purpose of final acceptance inspection and completion of audit requirements by the Department.

Page 7 of 11

B-10. The Sponsor has full responsibility for assuring the completed Project meets the requirements of the Department and appropriate federal funding agencies. The Sponsor further certifies that all local, state, and federal requirements for the conduct of this Project shall be met.

B-11. It is the policy of the Department not to award contracts to contractors who have been removed from the Department's list of pre-qualified bidders without subsequent reinstatement. Therefore, no State funds will be provided for any work performed by the contractor(s), or sub-contractor(s) which had been removed from the Department's list of pre-qualified bidders without subsequent reinstatement as of the date of the signing of the construction contract. It shall be the responsibility of Sponsor to insure that only properly qualified contractors are given construction contracts for work.

SECTION C: SPONSOR'S ASSURANCES: PROJECT ACCOUNTING AND PAYMENT

C-1. The Sponsor shall record all funds received under this Agreement and shall keep the same in an identifiable Project account. The Sponsor, and his contractor(s) and/or consultant(s), shall maintain adequate records and documentation to support all Project costs incurred under this Grant. All records and documentation in support of the Project costs must be identifiable as relating to the Project and must be acceptable costs only. Acceptable costs are defined as those costs which are acceptable under "Federal Acquisition Regulations 1-31.6, 48 CFR (OMC Circular A-87)". Acceptable items of work are those referenced in the State Aid to Airports Program Guidance Handbook and North Carolina General Statutes. The Sponsor's accounting procedures which were established for work as set out in this Agreement must be reviewed and accepted by the Department prior to the final execution of this Agreement and payment of State funds, except for Sponsor reporting under OMB Circular A-133.

C-2. The Sponsor and his contractor(s) and/or consultant(s) shall permit free access to its accounts and records by official representatives of the State of North Carolina. Furthermore, the Sponsor and contractor(s) and/or consultant(s) shall maintain all pertinent records and documentation for a period of not less than five (5) years from the date of final payment.

C-3. In accordance with OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" (www.whitehouse.gov/wh/eop/omb), the Airport shall arrange for an independent financial and compliance audit of its fiscal operations. The Airport shall furnish the Department with a copy of the independent audit report within thirty (30) days of completion of the report, but not later than nine (9) months after the Airports fiscal year ends.

The Airport shall maintain all books, documents, papers, accounting records, and such other evidence as may be appropriate to substantiate costs incurred under this Agreement. Further, the Airport shall make such materials available at its office at all reasonable times during the contract period, and for five (5) years from the date of final payment under this agreement, for inspection and audit by the Department's Fiscal Section

Page 8 of 11

C-4. Payment of the funds obligated under this Grant Agreement shall be made in accordance with the following schedule, unless otherwise authorized by the Department:

A. Payments from NCDOT to the Sponsor are made on a reimbursement basis. The Sponsor must pay all contractors/vendors prior to or within 3 business days of receipt of the Department's reimbursement.

B. Payments will be made on the basis of progress payments which may be requested by the Sponsor as costs are incurred, but not more frequently than monthly. Progress payments will be made provided the following requirements have been met.:

(1) The Grant Agreement has been executed and a Project Concurrence (AV-CONCUR/AV-503) issued.

(2) The Project has received an appropriate environmental finding.

(3) The Sponsor has submitted a Proposed Project Budget (AV-BUDGET/AV-504) accurately reflecting costs to date. The initial and revised AV-BUDGET/AV-504 shall be approved by the Department. With each AV-BUDGET/AV-504, the Sponsor shall provide the following documentation:

a) Scope of Services for the project, Consultant Fee - Man-hours Breakdown by task with hourly rates, Breakdown of Sub-consultant and / or Vendor Cost, Schedule of Deliverables, Estimated Construction Cost, Plan Sheet List

b) Actual Bidding Cost (once a project is bid) – Bid Tabulation / Bid Schedule, Recommendation for Award.

(4) Additional information shall be provided as requested.

(5) The Sponsor has submitted an executed Interim Payment Request (AV-PAY/AV-505) accurately reflecting costs incurred to date.

(6) The Sponsor has complied with all applicable conditions of the State Aid to Airports Program Guidance Handbook

C. The submission of progress payments is expected to parallel the value of work actually completed and costs incurred. At such point the Sponsor has requested payments equaling 100% of the State Grant, it is expected that the approved Project will be 100% complete.

D. Upon receipt of 100% of the State Grant, the Sponsor will promptly complete Project acceptance and submit the Project Completion and Final Payment Request (AV-FINAL/AV-506).

C-5. If after the acceptance of the Project by the Department, the final State share of approved eligible items is less than the amount of State funds actually disbursed for the Project, the Sponsor shall reimburse the Department in an amount equal to the difference between the amount of State funds actually disbursed and the final State share of the final, audited, approved eligible Project costs within thirty (30) days of notification by the Department of the amount due.

Page 9 of 11

C-6. If after the acceptance of the Project by the Department, the final State share of approved eligible Project costs shall be more than the amount of State funds obligated for the Project, the Sponsor may make application to the Department for a corresponding increase which will be considered for funding in accordance with their relative priority versus other applications for available State funds.

C-7. Under certain conditions, projects originally involving only state and local funds may subsequently be eligible for reimbursement from federal funding agencies. In such cases, the Sponsor shall notify the Department of its intent to apply for federal reimbursement and shall keep the Department informed of the status of such application. In the event federal funds are obtained for all or a portion of the Project, the Sponsor shall refund to the Department an amount equal to the difference between State funds originally disbursed for the work item(s) subsequently receiving federal funds and the final State share of the costs of the affected item(s) of work. Reimbursement will be made within ninety (90) days of the date of the final execution of the FAA Grant Agreement affecting the work elements in the approved Project.

C-8. For the purpose of calculating the State share of the Project, federal funds are defined as funds provided by an agency of the federal government for the specific purpose of undertaking the Project, including Block Grant funds administered by the Department.

SECTION D: SPONSOR'S ASSURANCES: REAL PROPERTY ACQUISITION

D-1. The acquisition of land, buildings, and other real property involving the use of State Airport Aid funds shall be in compliance with the provisions of this Section.

D-2. The Sponsor shall depict each parcel to be acquired on an airport property map containing the identity of the parcel and its metes and bounds.

D-3. The acquisition cost of each parcel, building, or other real property acquired with State financial assistance shall be based on the fair market value of the property as determined by an appraisal process acceptable to the Department.

D-4. For each parcel or building with an estimated cost of \$100,000 or less, fair market value shall be established by a single original appraisal and a review appraisal. For complex acquisitions, fair market value shall be established by two original appraisals and one review appraisal.

D-5. All original and review appraisals shall be conducted by qualified appraisers who have no financial or other interest in the property to be acquired.

D-6. The fair market value of a parcel will be established by the review appraiser based upon the information contained in the original appraisal or appraisals.

Page 10 of 11

D-7. No negotiation for property acquisition shall be commenced between the Sponsor and the property owner until the fair market value of the property has been established. Initial negotiations shall be based upon the fair market value.

D-8. Negotiated values above the fair market value shall not be eligible for State funds unless, prior to the final agreement for acquisition, the Sponsor has received the concurrence of the Department for paying such negotiated values in lieu of the appraised fair market value.

D-9. Sponsors who adhere to the federal "Uniform Guidelines for the Acquisition of Property" shall be deemed to have conformed to the Department's guidelines, except that Paragraph 8 above shall also be applicable under such acquisitions.

D-10. In the event the Project is a low value, non-complex acquisition, the Department, at its option, may accept the original appraisal without the review appraisal. In such cases, all other provisions of this Section shall apply.

D-11. Failure to follow the requirements of this Section shall disqualify the property from State participation for any parcel which has not been acquired in accordance with such standards.

SECTION E: Sponsor's Acknowledgement of Executive Order 24, issued by Governor Perdue, and N.C. G.S. § 133-32

E-1 Sponsor acknowledges and agrees that it is unlawful for any vendor or contractor (i.e. architect, bidder, contractor, construction manager, design professional, engineer, landlord, offeror, seller, subcontractor, supplier, or vendor), to make gifts or to give favors to any State employee of the Governor's Cabinet Agencies (i.e., Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Environment and Natural Resources, Health and Human Services, Juvenile Justice and Delinquency Prevention, Revenue, Transportation, and the Office of the Governor). This prohibition covers those vendors and contractors who:

- (1) have a contract with a governmental agency; or
- (2) have performed under such a contract within the past year; or
- (3) anticipate bidding on such a contract in the future.

For additional information regarding the specific requirements and exemptions, vendors and contractors are encouraged to review Executive Order 24 and G.S. Sec. 133-32.

Revised 1/2/13

AUTHORIZE/ADOPT – IDX ONE NC GRANT/CO. PERFORMANCE AGREEMENTS AND ADOPT GRANT PROJECT ORDINANCE

iDX Impressions was awarded a \$300,000 One North Carolina Fund grant in support of creating 143 new jobs and investing \$2.7 million in equipment repairs, structural repairs and/or improvements and/or renovations for expansion (grant terms summary attached). The City will satisfy the grant requirement of a local government incentive when the purchase transaction of the property at 234 Springs Rd. is completed. The closing is scheduled to occur by March 10, 2014. Note that the purchase agreement contains the following clause:

3.3. During the Inspection Period, Purchaser shall have arranged for financing for the acquisition of the Property and economic development incentives relating to Purchaser's planned improvements to and activities at the Property which are satisfactory to Purchaser in Purchaser's sole discretion. If Purchaser does not arrange such financing or economic development incentives prior to the Inspection Period Expiration Date, Purchaser shall have the right to elect to terminate this Agreement by providing written notice to Seller, and upon receiving such notice, Seller shall immediately return the Deposit and the parties hereto shall have no further obligations one to the other under this Agreement (other than those that are expressly stated to survive the termination of this Agreement).

Councilman Mercer noted that he had prior concerns with claw back in this agreement, but after speaking with the City Attorney, he feels there is adequate protection in this document so that if idX would default, that the City would not be responsible for the claw back.

By motion of Councilman Mercer, seconded by Councilman Beeman, Council designated the City Manager as the Authorized Official to execute the Local Grant Agreement and the Company Performance Agreement for the One North Carolina Fund idX Impressions, LLC project, designated the Administrative Services Director/C.F.O. as an Authorized Official to execute Local Government Disbursement Request and Certifications and Adopted a Grant Project Ordinance.

**A GRANT PROJECT ORDINANCE FOR CDBG COMMUNITY DEVELOPMENT
BLOCK GRANT # 2012-95-73
CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2013-2014**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina, that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby adopted:

Section 1. The project authorized is to provide funds for job creation at idX Impressions, LLC.

Section 2. The officers of this unit are hereby directed to proceed with the project within the terms of the grant documents.

Section 3. The following amounts are appropriated for the project:

55-60-4930-4500	Job Creation	\$300,000
-----------------	--------------	-----------

Section 4. The following revenue is anticipated to be available to complete this project:

55-60-3480-3300	CDBG Grant Funds	\$300,000
-----------------	------------------	-----------

Section 5. The Finance Officer is hereby directed to maintain within the Grant Project Fund sufficient detailed accounting records to satisfy the requirements of the grantor agency and grant agreement.

Section 6. Funds may be advanced from the General Fund for the purpose of making payments that are due. Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

Section 7. The Finance Director is directed to report, on a monthly basis, the financial status of each project element in Section 3 and on the total grant revenues received or claimed.

Section 8. The Budget Officer is directed to include a detail analysis of past and future costs and revenues on this grant project in every budget submission made to the City Council.

Section 9. Copies of this grant project ordinance shall be furnished to the City Clerk, Budget Officer, and Finance Director for direction in carrying out this project.

Section 10. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 11. This ordinance shall become effective upon its adoption.

Adopted this the 10th day of February, 2014.

ATTEST:
s/ Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor

LOCAL GOVERNMENT GRANT AGREEMENT

THE ONE NORTH CAROLINA FUND

Local Government Name: City of Washington	Grant No. 2012-9573
Project Name: idX Impressions, LLC	

STATE OF NORTH CAROLINA

COUNTY OF WAKE

GRANT AGREEMENT

This Local Government Grant Agreement (the "LGGA") is effective the 3rd day of Septemer, 2013 (the "Effective Date") by and between the City of Washington, North Carolina (hereinafter referred to as the "Local Government"), and the North Carolina Department of Commerce (hereinafter referred to as "DOC");

WITNESSETH:

WHEREAS; the Local Government desires to stimulate and develop the local economy of its region, alleviate the problems of unemployment and underemployment by creating and/or retaining jobs for its citizens, and develop its local tax base; and

WHEREAS; the General Assembly has created the One North Carolina Fund (the "Program") to make funding available within North Carolina "to secure commitments for the recruitment, expansion or retention of new or existing businesses"; and

WHEREAS; the General Assembly has authorized Program funds to be used for installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings to be used for expansion; construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for existing buildings; and construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations; and

WHEREAS; the Local Government has applied for funds in connection with activity to be undertaken by idX Impressions, LLC (the "Company"), a business that has competitively chosen to locate or expand operations for the following project (the "Project") in North Carolina:

An expansion of a manufacturing plant (the "Facility") at which the company will manufacture showcase, shelving, display units located in or around 234 Springs Road in the City of Washington in Beaufort County, North Carolina.

WHEREAS; the Local Government has committed to provide matching funds and resources for the Project equal to at least the amount of any funds awarded from the Program (the "Match"); and

WHEREAS; the Local Government's application (the "Local Government Application") has been approved by DOC for funding, based on the Local Government's commitments, and the commitments made by the Company in its Program application (the "Company Application");

WHEREAS, the Company has executed an agreement (the "Company Performance Agreement" or "CPA") with the Local Government reflecting the Company's commitments to expand, create and/or retain jobs and to take other actions that will support North Carolina's economic development, and the terms on which funds will be made available for such activity from the Program;

NOW THEREFORE, in consideration of the mutual covenants and promises set forth below, the Local Government and DOC hereby agree as follows:

I. DOC COMMITMENTS AND GRANT CONDITIONS

- (a) DOC agrees to provide Program fund in the maximum amount of Three Hundred Thousand Dollars (\$300,000.00) for the Project (the "Grant"), in accordance with the terms of this LGGA and the CPA.
- (b) Grant payments disbursed under this LGGA will be disbursed to the Local Government pursuant to N.C. Gen. Stat. § 143B-437.70 *et seq.*, the terms of the Program Guidelines and Procedures for Commitment of Funds from the One North Carolina Fund, established pursuant to N.C. Gen. Stat. § 143B-437.73 and in effect as of the effective date of this LGGA (the "Program Guidelines"), consistent with the terms and schedule established in the CPA.
- (c) Grant disbursements are conditioned upon the execution of the CPA between the Local Government and the Company, and any other required parties thereto, in a form acceptable to DOC. In addition to the Company and the Local Government, the following are required parties to the CPA: idX Corporation (the "Guarantor").
- (d) To receive a Grant disbursement, the Local Government must provide or cause to be provided to DOC a properly executed CPA, proof that the Company has performed its obligations under the CPA, proof that the Local Government has met its obligation to provide the Match, a duly executed completed disbursement request and certification in the form of Exhibit A hereof (the "Local Government Disbursement Request"), and a duly executed completed Company's disbursement request and certification in the form of Exhibit A to the CPA (the "Company Disbursement Request").

II. LOCAL GOVERNMENT'S COMMITMENTS

- (a) The Local Government agrees to perform the Program and to abide by all commitments, terms and representations in the Local Government Application.
- (b) The Local Government agrees to provide the Match in a manner consistent with N.C. Gen. Stat. § 143B-437.72(c)(1), the Program Guidelines and Procedures, and the Local Government Application. The Local Government will provide to the DOC a copy of the duly executed agreement between the Local Government (or other local entity) and the Company governing the local incentives that will be provided to the Company for the Project (the "Local Incentive Agreement"), at the time the Local Government returns the executed LGGA. The Company will be ineligible for a Grant disbursement until the Local Incentive Agreement is provided to the DOC. The Local Government will report to the DOC the amount of each incentive payment that is provided to the Company under the Local Incentive Agreement, within thirty (30) days of the date on which it is provided, whether or not the CPA remains in effect.

- (c) The Local Government agrees to take all steps reasonably necessary to ensure and to establish to DOC that the required levels of jobs are created and/or retained, the required salary levels are achieved, the required levels of investments are made, statutorily qualifying expenses are incurred, any required environmental permits are obtained, and any other required performance criteria are satisfied, and that no Grant funds are disbursed until the performance criteria in the CPA have been met.
- (d) The Local Government agrees to take whatever steps may be reasonably necessary to ensure and to establish to DOC that Grant funds disbursed by the Local Government are used only for purposes allowed under the statutory authority creating the Program.
- (e) The Local Government agrees to take whatever steps may reasonably be required, after consultation with the Secretary of DOC (the "Secretary") and not inconsistent with the Secretary's authority under the CPA, to recapture all disbursed funds for which the Local Government and DOC have a right to be reimbursed.
- (f) The Local Government acknowledges that DOC has a right to recapture funds under the CPA and that such right does not relieve the Local Government of its own responsibility to recapture funds.
- (g) The Local Government agrees to otherwise reimburse DOC for any funds improperly disbursed, provided, however, that Local Government is under no obligation to reimburse DOC for any improperly disbursed funds that were disbursed with DOC's prior permission.
- (h) The Local Government agrees to keep and maintain books, records, and other documents relating to the receipt and disbursement of the Grant and the fulfillment of this LGGA. The Local Government shall provide any information DOC requests in order to produce reports or compile data required by the General Assembly. If the Local Government fails to keep and maintain books and records necessary for verifying fulfillment of this LGGA, the Secretary may in his discretion declare this LGGA to be in default, withhold payments for or under this LGGA, and/or require reimbursement of all or any portion of Grant funds previously paid. Prior to taking such action, the Secretary will endeavor to communicate with the Local Government and the Company to discuss the circumstances and the actions being contemplated.
- (i) The Local Government agrees to provide any duly authorized representative of DOC or the State of North Carolina at all reasonable times access to and the right to inspect, copy, monitor, and examine all of the books, papers, records, and other documents relating to the Grant for a period of three years following the last payment of Grant funds or for the inspection period specified in the CPA, whichever is longer. To the extent any information or documents gathered pursuant to this section would be regarded as confidential or not subject to disclosure under federal law or the North Carolina General Statutes (to include, without limitation, N.C. Gen. Stat. §§ 132-1 *et seq.*, commonly referred to as the "Public Records Act"), the Local Government shall clearly identify and mark them as such and that information will, to the extent allowed by law, be treated as confidential and not subject to disclosure by DOC and its authorized representatives. If the Local Government fails to provide such access and right of inspection, the Secretary may exercise discretion to declare this LGGA in default, to withhold payments under this LGGA and/or require reimbursement of all or any portion of the Grant paid.
- (j) The Local Government shall comply with all lawful requirements of DOC, all applicable requirements of the General Statutes of the State of North Carolina, and any other applicable laws and/or Executive Orders currently or hereafter in force.
- (k) In the event that the Company or Guarantor fail to fulfill their responsibilities under the Company Application and/or CPA, including their responsibilities to create and/or retain jobs, make investments, and incur statutorily qualifying expenses, the Local Government, after consultation with the Secretary and not inconsistent with the Secretary's authority under the CPA, shall promptly exercise its rights and remedies to require repayment of funds, or to assess such other penalties as may be provided for in the CPA.

- (l) In addition, in the event that the Company or Guarantor fail to fulfill their responsibilities under the Company Application and/or CPA, including their responsibilities to create and/or retain jobs, make investments, and incur statutorily qualifying expenses, and the Local Government recaptures funds from the Company or Guarantor, the Local Government shall promptly pay to DOC the Grant amounts which it is able to collect.
- (m) By not later than January 31 of each year following a calendar year until the full Match has been disbursed to the Company, the Local Government shall submit to the DOC a report detailing Match payments made during the calendar year just ended, together with a cumulative tally of all Match payments made through the end of that calendar year. In addition, the Local Government shall report all other Local Government financial contributions made for the Project. This is required in order to comply with N.C. Gen. Stat. §143B-437.07. Failure to timely file this report will result in ineligibility for Grant payments.

III. GENERAL PROVISIONS

- (a) The parties to this LGGA agree and understand that the payment of all sums specified in this LGGA is dependent and contingent upon and subject to the appropriation, allocation, and availability of funds to DOC for this purpose.
- (b) Failure of DOC at any time to require performance of any term or provision of this LGGA shall in no manner affect the rights of DOC at a later date to enforce the same or to enforce any future compliance with or performance of any of the terms or provisions hereof. No waiver of DOC of any condition or the breach of any term, provision or representation contained in this LGGA, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of that or any other term, provision or representation.
- (c) The recitals are an integral part of this LGGA.
- (d) This LGGA constitutes a legally enforceable contract and shall be governed and construed in accordance with the laws of the State of North Carolina. The parties agree and submit, solely for matters concerning this LGGA, to the exclusive jurisdiction of the courts of North Carolina and agree, solely for such purpose, that the only venue for any legal proceedings shall be Wake County, North Carolina. The place of this LGGA, and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation, and enforcement, shall be determined.

(e) This Grant award shall terminate and be null and void on January 31, 2014 if by that date the Local Government has not delivered back to the DOC, an original of this LGGA and of the CPA, duly executed by an authorized official of the Local Government, and attested in the manner provided below, together with a copy of the Local Incentive Agreement.

Upon execution of this LGGA by DOC and the Local Government in the spaces below, the Local Government hereby accepts the Grant on the terms of this LGGA, effective on the date indicated above, and further certifies that the official signing below has been duly authorized by the Local Government's governing body to execute this LGGA.

Date: 12.2.13 By: Sharon Allred Decker
Sharon Allred Decker, Secretary
North Carolina Department of Commerce



[Signature] Clerk

City of Washington (Local Government)
By: *[Signature]*
Name: *Brian M. Alligood*
Title: *City Manager*
Authorized Official
Date: *2-10-14*

OneNC Local Government Grant Agreement
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 1/12/12

5

COMPANY PERFORMANCE AGREEMENT
THE ONE NORTH CAROLINA FUND

STATE OF NORTH CAROLINA
COUNTY OF WAKE

This Company Performance Agreement (the "CPA"), effective the 3rd day of September, 2013 (the "Effective Date"), by, between, and among idX Impressions, LLC, a Delaware limited liability company authorized to do business in North Carolina (the "Company"), idX Corporation, a Delaware corporation (the "Guarantor"), who, together with the Company shall be jointly and severally liable for the obligations under this CPA, and the City of Washington, North Carolina (the "Local Government," and together with the Company and Guarantor, the "Parties");

WITNESSETH:

WHEREAS, the Local Government has applied for a One North Carolina Fund grant from the North Carolina Department of Commerce (the "DOC"); and

WHEREAS, a One North Carolina Fund grant award in the amount of Three Hundred Thousand Dollars (\$300,000.00) (the "Grant") has been negotiated and agreed to by DOC and the Parties; and

WHEREAS, the Grant has been approved by DOC for disbursement to the Local Government pursuant to the terms of the One North Carolina Fund Local Government Grant Agreement between the Local Government and DOC (the "LGGA"); and

WHEREAS, the Grant is to be used by the Company toward the goal of creating one hundred fifty nine (159) new jobs (the "Target New Jobs") which shall be permanent full-time jobs (each, a "New Job") and Three Million Dollars (\$3,000,000.00) (the "Target Investment") in new investment in the State of North Carolina; and

WHEREAS, the Company and Guarantor have represented that the Grant is necessary to enable the investment and job creation by the Company to occur and go forward in North Carolina; and

WHEREAS, the Grant will enable retention of eighty permanent full-time jobs (the "Retained Jobs"), which is the total number of positions the Company maintained in North Carolina prior to the Effective Date; and

WHEREAS, the Grant will stimulate economic activity and create new jobs for the citizens of this State; and

WHEREAS, the Grant is issued pursuant to and subject to the terms of N.C. Gen. Stat. § 143B-437.70 et seq. and the Guidelines and Procedures for Commitment of Funds from the One North Carolina Fund (the "Program Guidelines"); and

One NC Company Performance Agreement
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12

WHEREAS, the Guarantor has agreed to guarantee the performance and obligations of the Company hereunder, and its guaranty is made for the benefit of the DOC and the Local Government and to induce the DOC and the Local Government to enter into this CPA, in consideration of the benefits provided to the Company and to the Guarantor by virtue of its ownership interests;

WHEREAS, pursuant to, inter alia, N.C. Gen. Stat. § 143B-437.07 and G.S. 143B-437.72(b), as these statutes may be amended from time to time, the DOC is required to submit regular reports to the North Carolina General Assembly regarding operation of the One North Carolina Fund and the performance and funding requirements for each One North Carolina Fund grant awarded;

NOW, THEREFORE, in consideration of the representations set forth above and the mutual covenants and promises set forth below, the Company, the Guarantor, and the Local Government hereby agree as follows:

1.0 PERFORMANCE CRITERIA

In order to be eligible for the full amount of the Grant, the Company must fulfill the following requirements:

- 1.1 The Company shall undertake and operate in a timely manner the following project at the following location (the "Project"):
- An expansion of a manufacturing plant (the "Facility") at which the company will manufacture showcase, shelving, display units located in or around 234 Springs Road in the City of Washington in Beaufort County, North Carolina.
- 1.2 The Company shall maintain its current operations at its facilities in North Carolina and a base level of Retained Jobs in North Carolina, in addition to any New Jobs to be created as part of this CPA.
- 1.3 The Company shall make good faith efforts to create and maintain the Target New Jobs as part of the Project, as described in the Company's application to DOC (the "Company Application"). The New Jobs must be filled by employees hired for the Project on or after the Effective Date, who work for at least thirty-five (35) hours per week, and whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statute. Independent contractors, consultants, seasonal and temporary employees are not to be included as New Jobs. In order to be eligible for the full Grant, the Company must create one hundred forty three (143) New Jobs (the "Required New Jobs") 90% of the Target New Jobs, by September 3, 2016 (the "Grant End Date," which shall be three years from the date on which the Grant was formally awarded) (the period between September 3, 2013 and September 3, 2016, the "Grant Period").
- The New Jobs will be new jobs and cannot be existing North Carolina positions or employees of the Company or the Guarantor or any of their related members that are transferred or shifted such that a previously existing North Carolina job, or a North Carolina job that was not previously part of the Project, is counted towards performance under this CPA.
- 1.4 The average weekly wage of the group of all permanent full-time jobs at the Facility, including the New Jobs, will equal or exceed Five Hundred Seventy Four Dollars (\$574.00) per week (the "Wage Standard").

One NC Company Performance Agreement
iDX Impressions, LLC / City of Washington
Company; Guarantor: Retained Jobs; New Jobs
Form 9-1-12

- 2 -

- 1.5 The Company shall provide health insurance for all permanent full-time employees at the Facility, including the New Jobs, in at least the minimum amount required for eligibility for tax credits under Article 3J in N.C. Gen. Stat. § 105-129.83(d).
- 1.6 The Company shall make good faith efforts to make the Target Investment in the form of privately funded investment in real property and/or machinery and equipment as part of the Project, and must invest at least Two Million Seven Hundred Thousand Dollars (\$2,700,000.00) by the Grant End Date (the "Required Investment") (90% of the Target Investment).
- 1.7 The proceeds of the Grant may be used only to offset statutorily qualifying expenses as set out in N.C. Gen. Stat. § 143B-437.71(b) ("Statutorily Qualifying Expenses"). Those expenses are installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings to be used for expansion; construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for existing buildings, or for new or proposed buildings to be used for manufacturing and industrial operations; or such other expenses as specifically provided for by an act of the General Assembly.
- 1.8 Release of any Grant funds under this CPA is contingent on the Company providing verification that the Project has received all of its required environmental permits.
- 2.0 DISBURSEMENT OF GRANT
- 2.1 Proceeds of the Grant up to a total amount of Three Hundred Thousand Dollars (\$300,000.00) will be disbursed by DOC to the Local Government in four installments based on creation and maintenance of the New Jobs and satisfaction of other performance criteria set out in Section 1.0 above ("Performance Criteria"). The number of New Jobs to be counted shall be determined as provided in Paragraph 6.1 hereof. At the time of any requested disbursement, the Company must certify its performance by submitting a duly executed disbursement request and certification in the form of Exhibit A hereto (the "Company Disbursement Request"), and the Local Government must submit a duly executed disbursement request and certification in the form of Exhibit A to the LGGA (the "Local Government Disbursement Request"). Disbursement will occur on the following schedule and will be subject to any adjustments required by this CPA:
- a. The first twenty-five percent (25%) of the Grant will be disbursed to the Local Government upon proof that the Company has (i) maintained 100% of the Retained Jobs; (ii) created and retained not less than twenty-five percent (25%) of the Target New Jobs (i.e., 40 New Jobs); (iii) satisfied the Wage Standard and health insurance requirements; (iv) invested the amount to be disbursed in Statutorily Qualifying Expenses, and (v) obtained all required environmental permits.
- b. The second twenty-five percent (25%) of the Grant will be disbursed to the Local Government upon proof that the Company has (i) maintained 100% of the Retained Jobs; (ii) created and retained not less than fifty percent (50%) of the Target New Jobs (i.e., 80 New Jobs); (iii) satisfied the Wage Standard and health insurance requirements; and (iv) invested the amount to be disbursed in Statutorily Qualifying Expenses.
- c. The third twenty-five percent (25%) of the Grant will be disbursed to the Local Government upon proof that the Company has (i) maintained 100% of the Retained Jobs; (ii) created and retained not less than seventy-five percent (75%) of the Target New Jobs (i.e., 119 New Jobs); (iii) satisfied the Wage Standard and health insurance requirements; and (iv) invested the amount to be disbursed in Statutorily Qualifying Expenses.

One NC Company Performance Agreement
iDX Impressions, LLC / City of Washington
Company; Guarantor: Retained Jobs; New Jobs
Form 9-1-12

- 3 -

- d. The final twenty-five percent (25%) of the Grant will be disbursed to the Local Government upon proof that the Company has (i) maintained 100% of the Retained Jobs; (ii) created and retained the Required New Jobs; (iii) satisfied the Wage Standard and health insurance requirements; and (iv) made the Required Investment; and (iv) invested the amount to be disbursed in Statutorily Qualifying Expenses.

The Local Government will submit or cause to be submitted to DOC each Company Disbursement Request and Local Government Disbursement Request, upon proof of the creation of the required number of New Jobs and the satisfaction of all other Performance Criteria necessary for disbursement. Following receipt of Grant funds from DOC, the Local Government will disburse funds to the Company.

Should it become necessary for a job created after the Effective Date to be counted by the Company as a Retained Job for purposes of establishing the base level of jobs required to be maintained by this CPA, that job may not be double-counted as a New Job.

The Company may qualify for disbursement of multiple installments on a single date.

- 2.2 DOC will close out the Grant on the first to occur of
- (i) The date as of which DOC shall have received and accepted proof reasonably satisfactory to it that the Project has been completed and the Performance Criteria satisfied.
 - (ii) The Grant End Date.
- ("Closeout").

Following Closeout, to the extent any Grant proceeds may be due and upon submission of a duly completed Company Disbursement Request and Local Government Disbursement Request, a final Grant payment will be disbursed. A request for final payment, if not made previously, must be made to DOC within thirty (30) days following the Grant End Date, provided, however, that if the Company has completed performance and become entitled to a final disbursement of funds under Paragraph 2.1d of this CPA, during any time earlier in the Grant Period, the Company must submit a completed Company Disbursement Request and Local Government Disbursement Request within one year from the date of completed performance (but in no event later than thirty (30) days following the Grant End Date) or forfeit the disbursement.

3.0 OBLIGATION TO REPAY GRANT

- 3.1 **Failure to Provide Health Insurance.** If, at any time during the Grant Period or during the period set forth in Section 5.0 hereof, the Company fails to provide health insurance to all permanent full-time employees at the Facility in the amount required for eligibility for tax credits under Article 3J in N.C. Gen. Stat. § 105-129.83(d), the Company will be in default of this CPA and the Company and/or Guarantor will reimburse DOC the total amount of the Grant previously disbursed in accordance with this CPA.
- 3.2 **Ceasing Project Operations.** If at any time during the Grant Period, or during the period set forth in Section 5.0 hereof, the Company substantially ceases operations at the Facility, the Company and/or Guarantor shall immediately repay all Grant funds previously disbursed in accordance with this CPA.

One NC Company Performance Agreement
iDX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12

- 4 -

- 3.3 **Failure to Achieve Wage Standard.** If at any time during the Grant Period, or during the period set forth in Section 5.0 hereof, the average weekly wage of the group of all permanent full-time jobs at the Facility fails to equal or exceed the Wage Standard, the Company will be in default under this CPA, no further disbursement will be made, and the Company and/or Guarantor will reimburse DOC the total amount of the Grant previously disbursed in accordance with this CPA.
- 3.4 **Failure to Maintain Retained Jobs.** If at any time during the Grant Performance Period, the Company fails to retain at least 100% of the Retained Jobs, the Company will be in default of this CPA and the Company and/or Guarantor will reimburse DOC the total amount of Grant funds previously disbursed.
- 3.5 **Other Failures to Comply.** The Company may be required to reimburse Grant funds previously disbursed for failure to comply with Paragraphs 6.4 and 6.16 hereof, or as provided in Paragraphs 4.1 and 5.3 hereof.
- 3.6 **Recovery of Costs.** If the Company and/or Guarantor fail to reimburse any amount payable hereunder, on demand, the Local Government and DOC may recover the costs of collection to obtain recovery, from the Company and/or Guarantor, including reasonable attorneys' fees.

4.0 ADJUSTMENTS TO GRANT AT CLOSEOUT

- 4.1 If Closeout occurs on the Grant End Date and the Company has failed to create and retain the Required New Jobs, has failed to make the Required Investment, or has failed to invest an amount equal to 100% of the Grant in Statutorily Qualifying Expenses, the amount of the Grant shall be reduced to the smallest of the following amounts (the "Adjusted Grant"):
- a. The amount obtained by multiplying the Grant by a fraction the denominator of which is the Required New Jobs and the numerator of which is the number of New Jobs actually created and retained as of that date, as expressed in the following formula:
$$\text{Adjusted Grant} = \text{Original Grant Amount} \times \frac{\text{New Jobs Actually Created and Retained}}{\text{Required New Jobs}}$$
 - b. The amount obtained by multiplying the Grant by a fraction the denominator of which is the Required Investment and the numerator of which is the investment actually made as of that date, as expressed in the following formula:
$$\text{Adjusted Grant} = \text{Original Grant Amount} \times \frac{\text{Investment Actually Made}}{\text{Required Investment}}$$
 - c. The amount the Company has spent on Statutorily Qualifying Expenses
- 4.2 To the extent the amount of the Adjusted Grant is less than the amount that has been previously disbursed to the Company, the Company shall reimburse DOC for the difference between the Adjusted Grant and the amount previously disbursed.

5.0 OBLIGATIONS BEYOND CLOSEOUT

- 5.1 If Closeout occurs on or before the date that is exactly one year prior to the Grant End Date, the Company will maintain at least ninety percent (90%) of the number of New Jobs in place at Closeout for two (2) years after the date of Closeout.

One NC Company Performance Agreement
iDX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12

- 5 -

- 5.2 If Closeout occurs after the date that is exactly one year prior to the Grant End Date, the Company will maintain at least ninety percent (90%) of the number of New Jobs in place at Closeout until the date that is the one year anniversary following the Grant End Date.
- 5.3 If the Company fails to maintain at least ninety percent (90%) of the number of New Jobs in place at Closeout for the required time period following Closeout, as specified in Paragraphs 5.1 and 5.2 hereof, the Company will be in default of this CPA and shall reimburse to DOC the total amount of the Grant funds previously disbursed in accordance with this CPA.
- 6.0 ADDITIONAL PROVISIONS
- 6.1 The Company and Guarantor shall provide to DOC and the Local Government all documentation deemed necessary by DOC or the Local Government to verify Retained Jobs, and creation and retention of New Jobs, salary levels, health insurance, investments, Statutorily Qualifying Expenses, environmental permits and other Performance Criteria specified in this CPA, including copies of the N.C. Department of Commerce Division of Employment Security Employer's Quarterly Tax and Wage Report ("NCUI 101"), a list of all positions used in accounting for the Grant and the names of the individuals filling those positions. The threshold numbers of New Jobs created for the Company to be eligible for disbursements under Paragraph 2.1 hereof, shall be measured by adding the three figures that represent the average number of New Jobs (calculated after deducting the Retained Jobs) that have been created during the Grant Period and have been retained during each of the three months of the quarter reported in the Company's NCUI 101, and dividing that sum by three, or in such other manner determined by the DOC to reasonably reflect New Job creation. **The Company shall not include in such count, any temporary, seasonal, contract, or part-time employees, employees that were hired prior to the Effective Date, or employees that were hired from affiliates of the Company or Guarantor in North Carolina, even if those employees are included in the NCUI 101s. The Company and Guarantor will certify how many of the employees listed on the NCUI 101s in each month qualify under the definition of Retained Jobs and New Jobs. For verification of Required Investment, the Company shall provide a fixed asset report and any other documentation requested by DOC. The Company's compliance with the job creation and/or retention, investment, Statutorily Qualifying Expense, environmental permit and other Performance Criteria set out in this CPA shall be attested to under oath by an officer of each of the Company and the Guarantor.**
- 6.2 By not later than February 1 of each year during the Grant Period (and with respect to Paragraph 6.2A, through the later of February 1 following the date established pursuant to Paragraph 5 hereof or the date on which the Local Government provides the final funds that would bring the local matching contribution to the level provided by the Grant), the Company must submit the following to the DOC, in the form of Exhibit B hereto:
- A. a copy of the Company's fourth calendar quarter performance (ending December 31) NCUI 101 for the previous calendar year, containing all information required by Exhibit B (N.C. Gen.Stat. §143B-437.07).
- B. a statement indicating whether the Company expects to have completed Performance Criteria sufficient to request a disbursement during the upcoming state fiscal year (July 1 through June 30). Failure to identify the expected performance over the coming fiscal year may result in ineligibility for a disbursement during that period, or may limit the amount of disbursement available to the Company during the upcoming fiscal year. (N.C. Gen. Stat. §143B-437.72(b)(6b)).

One NC Company Performance Agreement
iDX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12

- 6 -

- 6.3 If unforeseen calamity, an Act of God, or financial disaster is the cause of the Company's failure to satisfy or perform its obligations under this CPA, the Company and the Local Government may request an extraordinary modification of this CPA from the Secretary of DOC (the "Secretary"). The Parties agree that any decision to allow such modification shall be at the sole discretion of the Secretary, that such modifications are rarely, if ever, granted, and that the Secretary's decision regarding any extraordinary modification shall be final and not subject to review or appeal.
- 6.4 The Company and Guarantor shall keep and maintain books, records, and other documents relating to the receipt and disbursement of the Grant and fulfillment of this CPA, including, but not limited to, records to verify employment, salaries, health insurance, investment amounts, Statutorily Qualifying Expenses and environmental permits.
- Subject to any applicable federal or North Carolina laws or regulations respecting employee privacy, the Company and Guarantor each agree that any duly authorized representative of the Local Government or the State of North Carolina, including the DOC, the Office of the North Carolina State Auditor, and the Office of State Budget and Management, shall, at all reasonable times and on reasonable notice, have access to and the right to inspect, copy, audit, and examine all of the relevant books, records, and other documents relating to the Grant and the fulfillment of this CPA throughout the Grant Performance Period and for a period of six years thereafter.
- If the Company or Guarantor fail to keep and maintain books and records necessary for verifying fulfillment of this CPA, including, but not limited to, adequate records for the verification of employment, salaries, investment amounts, Statutorily Qualifying Expenses and environmental permits, or if the Company or Guarantor fail to provide access and right of inspection sufficient to verify compliance with this CPA, the Local Government or the Secretary, as applicable, may in its or his discretion declare this CPA to be in default, withhold payments for or under this CPA or the LGGA, and/or require reimbursement of all or any portion of the Grant previously paid.
- The Company and/or Guarantor shall provide any information DOC requests in order to produce reports or compile data required by the General Assembly.
- 6.5 To the extent any information or documents gathered by or provided to the Local Government or the DOC would be regarded as confidential or not subject to disclosure under federal law or the North Carolina General Statutes (including, without limitation, N.C. Gen. Stat. §§ 132-1 *et seq.*, commonly referred to as the "Public Records Act"), the Company or Guarantor, as applicable, shall clearly identify and mark them as such and that information will, to the extent allowed by law, be treated as confidential and not subject to disclosure by the Local Government and DOC and their authorized representatives.
- The Company and Guarantor have read and understand North Carolina's laws regarding the treatment of public records and confidential information, including without limitation, those provisions set forth in Exhibit C.
- The Company and Guarantor shall be responsible for any and all costs, expenses, fees, or losses that they or the Local Government or DOC or any other State entity may incur as a result of responding to or resisting any request, subpoena, legal complaint, court order, or other demand seeking to compel such party to release or disclose records, documents, or information pertaining to the Company or Guarantor, to the extent that the Company or Guarantor notified the State entity that it objects to such disclosure or release and the State defends against such release; and the Company and Guarantor shall indemnify the Local Government, DOC, and State entities and their authorized representatives for all costs associated therewith, provided that, no such indemnified party shall be obligated to take any such action.

One NC Company Performance Agreement
iDX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12

- 7 -

- 6.6 Notwithstanding anything herein to the contrary, the Parties acknowledge the due execution of the LGGA and agree that any conflict between the provisions, requirements, duties, or obligations of this CPA and the LGGA shall be resolved in favor of the LGGA. The Parties further agree that any conflict between the provisions, requirements, duties, or obligations of this CPA and any program documentation for this Grant other than the LGGA shall be resolved in favor of this CPA.
- 6.7 The Company and Guarantor acknowledge that none of the North Carolina operations owned by the Company or Guarantor or any related entity or affiliate shall be curtailed as a result of the Project.
- 6.8 The Company and Guarantor shall perform and abide by all commitments they made in the Company Application, except as otherwise expressly stated herein. The Company and Guarantor affirm their commitments made in the Company Application, and the commitments contained therein are incorporated herein by reference, as if set out in full. The Parties agree that any conflict between the provisions of this CPA and any commitments made in the Company Application to DOC shall be resolved in favor of this CPA.
- 6.9 The Company and Guarantor indemnify and hold harmless the Local Government, DOC, and State entities, and their respective members, officers, directors, employees, agents and attorneys (hereinafter collectively referred to as "Indemnified Parties"), from any claims of third parties arising out of or any act or omission of the Company and/or Guarantor in connection with the performance of this CPA, and for all losses arising from implementation of this CPA. Without limiting the generality of the foregoing, the Company and Guarantor release the Indemnified Parties from, and agree that such Indemnified Parties are not liable for, and agree to indemnify and hold harmless the Indemnified Parties against, any and all liability or loss, cost or expense, including, without limitation, reasonable attorneys' fees, fines, penalties, and civil judgments, resulting from or arising out of or in connection with or pertaining to, any loss or damage to property or any injury to or death of any person occurring in connection with or on or about the Facility, or resulting from any defect in the fixtures, machinery, equipment, or other property used in connection with the Project or arising out of, pertaining to, or having any connection with, the Project or the financing thereof (whether or not arising out of acts, omissions, or negligence of the Company or Guarantor or any of their agents, contractors, servants, employees, licensees, lessees, or assignees). Each Indemnified Party is an express, third party beneficiary of the Company's and Guarantor's obligations under this Paragraph.
- 6.10 The representations made by the Company and Guarantor in the Company Application to DOC or as part of the application process are incorporated herein by reference and deemed by the Parties to be material to this CPA. The Company and Guarantor affirm these representations. The Parties agree that any conflict between any representations contained in this CPA and those representations contained in the Company Application to DOC or made as part of the One North Carolina Fund application process shall be resolved in favor of this CPA.
- 6.11 The recitals are an integral part of this CPA.
- 6.12 If the Company or Guarantor has an overdue tax debt owing to the State of North Carolina, as defined in N.C. Gen. Stat. § 105-243.1, no payments will be made under this CPA or the LGGA until that tax debt has been satisfied. If an overdue tax debt goes unsatisfied by the Company or Guarantor for more than one year, this CPA may be declared in default and terminated at the direction of DOC.
- 6.13 The Local Government's obligation to make disbursements to the Company under this CPA is contingent upon the Local Government's receipt under the LGGA of the necessary disbursements

*One NC Company Performance Agreement
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-I-12*

- 8 -

- from DOC, which are, in turn, contingent on appropriation, allocation and availability of funds for the Grant to DOC.
- 6.14 This CPA constitutes a legally enforceable contract and shall be governed and construed in accordance with the laws of the State of North Carolina. The Parties agree and submit, solely for matters concerning this CPA, to the exclusive jurisdiction of the courts of North Carolina and agree, solely for such purpose, that the only venue for any legal proceedings shall be Wake County, North Carolina. The place of this CPA, and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation, and enforcement, shall be determined.
- 6.15 The Parties agree that the State of North Carolina Department of Commerce is a third party beneficiary of this CPA and may, at its option, enforce the terms of this CPA or appear as a party in any litigation concerning it or the Grant.
- 6.16 The Company and Guarantor shall comply with all applicable federal, state, and local laws and regulations. If the Company or Guarantor fail to comply with any law or regulation applicable to them, the Secretary may, in his sole discretion, terminate the Grant and declare that no future Grant disbursement shall be due and payable and/or require the Company and/or Guarantor to reimburse DOC all or part of any Grant funds previously disbursed following the date of any such violation. The Secretary may determine, in his sole discretion, that where the Company or Guarantor is under investigation for an act involving violation of federal, state, local law or regulation, including an unresolved environmental violation, Grant funds be withheld until such time as a determination of culpability or liability is made, and, if the Company or Guarantor is determined to be in violation, the Grant may be terminated and the Company and/or Guarantor may be required to reimburse the DOC for all or part of any Grant funds previously disbursed. If such investigation is not concluded within two (2) years of the Grant End Date, the DOC may terminate the Grant.
- 6.17 Failure of the Local Government or DOC at any time to require performance of any term or provision of this CPA shall in no manner affect the rights of the Local Government or DOC at a later date to enforce the same or to enforce any future compliance with or performance of any of the terms or provisions hereof. No waiver of the Local Government or DOC of any condition or the breach of any term, provision or representation contained in this CPA, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of that or any other term, provision or representation.
- 6.18 The Company is encouraged to utilize the services of North Carolina small businesses and minority, female, and disabled contractors, to offer positions in connection with the Project to North Carolina residents, and to use the North Carolina state ports when reasonable and commercially practicable.
- 6.19 In addition to any rights and remedies provided to the Local Government and DOC by law, DOC has the right, without prior notice to Company or Guarantor, any such notice being expressly waived by Company and Guarantor to the extent permitted by applicable law, upon the occurrence of any event herein which would result in the Company's obligation to repay some or all of Grant monies disbursed hereunder (including without limitation Section 3, 4 and 5 hereof), to set-off and apply against any amounts due hereunder, any amount owing from DOC or the State to the Company or Guarantor.

*One NC Company Performance Agreement
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-I-12*

- 9 -

6.20 This Grant award shall terminate and be null and void on November 15, 2013 if by that date the Company has not delivered back to the DOC, two originals of this CPA, duly executed by authorized officer of each of the Company and of the Guarantor, and attested in the manner provided below. This Grant is also subject to the requirement that the Local Government deliver to the DOC, one original each of the LGGA and this CPA, duly executed by an authorized official of the Local Government, within sixty (60) calendar days following the date on which the DOC sends the LGGA and CPA to the Local Government, together with a copy of the agreement with the Company governing the local incentives to be provided for the Project.

7.0 GUARANTY

- 7.1 The Guarantor represents and warrants, as of the date hereof, and as of the date of any disbursement of Grant funds, that (a) both the Company and Guarantor are duly organized, validly existing and in good standing under the laws of the state of their registration, with power adequate for the carrying out their businesses; (b) the execution, delivery, and performance of this CPA are within the Company's and the Guarantor's power and authority and the Company and Guarantor have duly authorized, executed and delivered this CPA; (c) this CPA is signed by an authorized representative of each of the Company and the Guarantor, and is a legally valid and binding obligation of the Company and the Guarantor, enforceable against them in accordance with its terms, except as may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights; (d) it has taken or will take all actions reasonably necessary to carry out and give effect to the transactions contemplated by this CPA; (e) all written statements, representations, and warranties made by or on behalf of the Company and the Guarantor to the DOC, the State, and the Local Government in connection with the Grant are true, accurate and complete in all material respects, to its best knowledge and belief, and the Company is eligible for this Grant; (f) the Company and the Guarantor are financially solvent and not subject of any bankruptcy proceedings; and have no interest, and shall not acquire any interest, direct or indirect, which would conflict with the performance of their obligations under this CPA; (g) the Guarantor owns 100% of the membership interests/shares of the Company and will derive substantial benefit from the transactions contemplated by the CPA; and (h) the making and performance of this Guaranty will not violate any provision of or result in the acceleration of any obligation under any instrument or agreement, order, judgment or decree to which the Guarantor is a party or by which it or any of its property is bound. There are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.
- 7.2 In order to induce the Local Government to enter this CPA, and the Local Government and DOC to enter the LGGA, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor unconditionally and irrevocably guarantees, as primary obligor and not as surety, the full, prompt, and punctual performance by the Company of all of the Company's obligations, agreements and covenants under and with respect to this CPA. The Guarantor unconditionally guarantees, the prompt payment (and not merely the collection) of all amounts that may now or in the future be owing to the DOC or the State, or the Local Government under this CPA and the LGGA, or any extension or renewal thereof however and whenever made, and shall be liable for any remedies or recoveries (including the cost of attorney fees incurred in enforcing this CPA and the LGGA) available to the DOC or the State, or the Local Government under or with respect to this CPA. The liability of the Guarantor shall be primary, joint and several.
- 7.3 This Guaranty shall operate as a continuing and absolute guaranty and shall remain in full force and effect without regard to, and shall not be affected or impaired by, any amendment of the CPA, any sale or transfer of all or any part of the Guarantor's ownership interest in the Company, any voluntary or involuntary liquidation, dissolution, merger, sale of assets, insolvency,

One NC Company Performance Agreement
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12

- 10 -

reorganization, bankruptcy or filing for bankruptcy of the Company or the Guarantor or any subsidiary, any rescission of a payment made hereunder, or any extension of time or other forbearance, compromise, adjustment, modification or indulgence granted to the Company by the DOC, the State, or the Local Government. The Guaranty shall remain in full force and effect until termination of the CPA; provided, however, that the Guarantor shall not be released from its obligation hereunder so long as there is any claim of DOC or the Local Government against the Company, which claim arises out of, or related to, directly, or indirectly, this CPA, that is not settled or discharged in full.

- 7.4 The DOC and the Local Government may exercise their rights against the Guarantor without first having to take action or exhaust remedies against the Company. The Guarantor expressly waives notice of non-performance, in any respect, by Company of any of its duties and obligations. The Guarantor unconditionally waives any defense available to it, including all suretyship defenses or defenses in the nature thereof; all requirements of notice, demand, presentment or protest in case of any default by the Company, as well as rights of set-off, redemption, and counterclaim which may be alleged to exist in favor of the Company.
- 7.5 This Guaranty shall inure to the benefit of the DOC and the Local Government and their respective successor and assigns, and shall be binding on the Guarantor, and its successors and assigns, and shall not be discharged or affected by the death of any party.

IN WITNESS WHEREOF, the Company, the Guarantor, and the Local Government have executed this Company Performance Agreement effective as of the day and year first written above. This CPA is intended to be under seal for purposes of any statute of limitations.

Approved and Accepted:



City of Washington
(Local Government)
By: Brian M. Allgood
Name: Brian M. Allgood
Title: City Manager
Authorized Official
Date: 2-10-14

Signature Pages Follow

One NC Company Performance Agreement
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12

- 11 -

(Corporate Seal)

idX Impressions, LLC
(Company)
By: [Signature]
Name: Fritz Baumgartner
Title: CFO
Authorized Corporate Officer

ATTEST:


_____, Secretary
Date: 11/14/13

STATE OF Missouri
COUNTY OF St. Charles

I, Fritz Baumgartner, a Notary Public of said State and County, do hereby certify that Fritz Baumgartner (the "principal") personally appeared before me this day, and/or (i) I have personal knowledge of the identity of the principal, and/or (ii) I have seen satisfactory evidence of the principal's identity, by current State or Federal identification with the principal's photograph, and such principal acknowledged to me that he or she voluntarily signed the foregoing document for the purpose therein and in the capacity indicated.
[Signature]
Notary Public Signature
Kim M Brooks
Notary Printed or Typed Name

Witness my hand and official seal or stamp, this 14 day of Nov, 20 13.

(Official Seal or Stamp) My Commission expires on 3/20, 20 14



KIM M. BROOKS
My Commission Expires
March 20, 2014
St. Charles County
Commission #10858311

(Corporate Seal)

idX Corporation
(Guarantor)
By: [Signature]
Name: Fritz Baumgartner
Title: CFO
Authorized Corporate Officer

ATTEST:


_____, Secretary
Date: 11/14/13

STATE OF Missouri
COUNTY OF St. Charles

I, Fritz Baumgartner, a Notary Public of said State and County, do hereby certify that Fritz Baumgartner (the "principal") personally appeared before me this day, and/or (i) I have personal knowledge of the identity of the principal, and/or (ii) I have seen satisfactory evidence of the principal's identity, by current State or Federal identification with the principal's photograph, and such principal acknowledged to me that he or she voluntarily signed the foregoing document for the purpose therein and in the capacity indicated.
[Signature]
Notary Public Signature
Kim M Brooks
Notary Printed or Typed Name

Witness my hand and official seal or stamp, this 14 day of Nov, 20 13.

(Official Seal or Stamp) My Commission expires on 3/20, 20 14



KIM M. BROOKS
My Commission Expires
March 20, 2014
St. Charles County
Commission #10858311

APPROVE – 15TH STREET WIDENING PROJECT

City Manager, Brian Alligood explained that at the January 13, 2014 Council meeting, Dwayne Alligood and Haywood Daughtry with the North Carolina Department of Transportation (NCDOT), spoke with you about their proposed widening project along 15th Street between Carolina Avenue and Pierce Street. In their presentation, they asked for your support of this project. As a result of this proposed project, it will be necessary to relocate some water and sewer lines within NCDOT right of way that are between the edge of the right of way and the edge of the pavement. At your direction, we have looked at these utilities and estimated that the cost of relocating them should be close to the amount of funds available for the relocation (\$150,000) that DOT already has available for this project. Water and sewer utilities, as well as electric utilities, that are under the pavement or outside the existing right of way, will not have to be relocated at the City's expense per NCDOT. NCDOT has asked for Council's approval for this project, they acknowledged that Council would hear concerns from businesses regarding driveway access being impeded. For this reason they provided the economic impact study to Council. This will be the only time that this project will be addressed by NCDOT due to the cost/benefit ratio. If Council walks away, there is no chance ever again of having this project done by NCDOT due to the low cost/benefit analysis. As a result, staff recommends your support and approval of this project.

By motion of Councilman Pitt, seconded by Councilman Brooks, Council approved the North Carolina Department of Transportation's plans to widen 15th Street' between Carolina Avenue and Pierce Street.

APPROVE/AUTHORIZE – OLD CITY HALL RE-CONVEYANCE

Mayor Hodges asked Council to consider continuing this item for 60 days due to another potential buyer being interested in the property. Councilman Mercer inquired about the status of the Main Street Grant that goes along with this project. City Manager, Brian Alligood explained that as of this morning, he had conversations with another potential buyer that is interested in "stepping into" the LLC. They are not interested in the Main Street Grant associated with this project, which is what the City was "under the gun" on. They have asked for 60 days due diligence and if things work out then they plan to "step into the shoes" of that LLC and move forward with the project on a similar scope without the Main Street Grant.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council continued this request until the regular City Council meeting in April 2014.

AUTHORIZE – THE CITY MANAGER TO NEGOTIATE AN AMENDMENT TO THE AGREEMENT WITH THE TOWN OF CHOCOWINITY FOR SEWER CAPACITY

(summary provided in agenda) At the January 13, 2014 Council meeting, Council delayed approving a request to allow the manager to negotiate an amendment to the sewer agreement with the Town of Chocowinity. Staff was asked to request more information from Chocowinity in reference to their capacity needs. Based on a 2007 Comprehensive Sewer Study done for the town, of Chocowinity's 304,296 (GPD), 159,293 GPD is committed to Cypress Landing, 14,400 GPD for Cypress Corner, leaving the capacity for inside their town limits to 130,603 GPD. Currently their total flow, actual plus permitted not yet tributary is 187,402 GPD or 61.6% of their permitted capacity. Using the same process of actual plus not yet tributary, we are currently at 60.0% of our permitted capacity. This Council Action will authorize the Manager to negotiate an amendment to the existing agreement between the City of Washington and the Town of Chocowinity for sewer capacity for 8,450 GPD for the US 17 rest area south of Chocowinity, outside their Town limits. Selling Chocowinity this amount of capacity would bring us to 60.2% of our permitted capacity. As mentioned at the January 13, 2014 Council meeting, in 2009 we sold the town of Chocowinity 10,000 GPD of capacity for \$10/gallon. We're not suggesting that this should be the amount that any capacity is sold to them at this time. This amount is only used as a reference and any negotiated amount would be based upon today's construction costs and be brought back to Council for final approval. (end)

Public Works Director, Kevin Brickhouse and Chocowinity Mayor Mobley were present to ask Council to amend the current sewer agreement that Chocowinity has with the City of Washington and increase capacity by 8,450 GPD for the US 17 rest area south of Chocowinity.

Councilman Mercer expressed concern with increasing the capacity going to the City's sewer treatment plant and disagreed with the numbers presented by Mr. Brickhouse. Mr. Brickhouse

explained the method of calculations to Councilman Mercer. Mr. Brickhouse explained that the agreement Chocowinity has with the City of Washington is that anything outside of the Town limit, Chocowinity was to request from the City of Washington, additional capacity. We (Chocowinity) are looking to negotiate a per gallon/per day price with the City as they have done in the past. Councilman Mercer reviewed a summary provided by Mr. Holscher regarding Chocowinity's sewer capacity agreement(s) with the City of Washington. Mr. Holscher stated he was unaware of a contractual requirement that says if additional capacity outside of the Town limits is needed that Chocowinity has to come back and ask for it or that the City has to grant the additional capacity. Mr. Brickhouse stated this is the reason for the request, but Council does not have to grant the additional capacity. Mr. Brickhouse said they could take the additional capacity request from their current in Town reserved limit, but they prefer to purchase the additional 8,450 GPD for the rest area, which becomes revenue for the City of Washington. Mayor Pro tem Roberson noted that the request tonight is to allow the City Manager to negotiate a contract for increased capacity with Chocowinity and the agreement would have to come back before Council for final approval. Mr. Brickhouse noted that anytime Council would like to sit down with him and the Town Council and look at future growth they would be glad to do that.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council authorized the Manager to negotiate an amendment to the agreement with the Town of Chocowinity for an additional 8,450 gallons per day (GPD) of sewer capacity and to bring said agreement back to Council for approval/disapproval. Motion carried 4-1 with Councilman Mercer opposing.

NEW BUSINESS:

ACCEPT/AUTHORIZE – ACCEPT THE RECOMMENDATION OF THE HISTORIC PRESERVATION COMMISSION AND AUTHORIZE THE MAYOR TO SIGN THE GRANT APPLICATION FOR A HISTORIC PRESERVATION FUND GRANT

City Manager, Brian Alligood explained that the NC State Historic Preservation Office is now accepting applications for the FY 2014 Historic Preservation Fund grants. The Historic Preservation Fund (HPF) is a federal matching grant program that supports state and local preservation programs and projects. HPF funds are made available to the State Historic Preservation Office (SHPO) through the National Park Service. Eligible applicants are Certified Local Governments (CLGs). The local matching requirement is a minimum of forty percent (40%) of eligible project costs, and the HPF share can be up to sixty percent (60%). Several groups from within the City have expressed the potential of contributing to the 40% that is required as a match. Mr. Alligood explained that the estimated cost for the entire project would be around \$10,000.

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council accepted the recommendation of the Historic Preservation Commission and authorized the Mayor to sign the Historic Preservation Fund grant application to update the City of Washington's Historic Walking Tour brochure.

ACCEPT – INDUSTRIAL PARK LOT CONVEYANCE

City Manager, Brian Alligood explained that the agenda packet includes a letter from Billy Mayo dated January 15, 2014 and a deed from Beaufort County that has been entered and executed by the County to the City of Washington for an undivided 45% interest in Lot 1 and a portion of Lot 2, now designated as being all of Lot 1 and 2A, Beaufort County Industrial Park. This property was previously conveyed by Beaufort County to A & E Holdings, LLC by deed dated May 25, 2012 and recorded in Deed Book 1784, Page 307 of the Beaufort County Registry. A & E Holdings, LLC recently reconveyed this property to Beaufort County by deed dated December 23, 2013 recorded in Deed Book 1836, Page 281 of the Beaufort County Registry. This conveyance by Beaufort County to the City is consistent with the spirit and intent of the Interlocal Agreement by and between the City and Beaufort County concerning the Industrial Park. The City Attorney has reviewed and found the deed to be acceptable; however, it should be formally "accepted" by the City. Upon formal acceptance of the deed, the City Attorney will record the same and provide the City with a copy of the recorded deed.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council accepted the attached non-recorded Deed of Conveyance from Beaufort County conveying an undivided 45% interest in Lot 1 and a portion of Lot 2, now designated as being all of Lot 1 and 2A, Beaufort County Industrial Park, to the City of Washington.

EX 1839PG091

FOR REGISTRATION REGISTER OF DEEDS
Jennifer Capwell, Notary Public
February 14, 2014 01:54:28 PM
Book 1839 Page 91-94
PTE: 125-00
INSTRUMENT # 2014000647

BEAUFORT COUNTY LAND RECORDS
ROUTING FORM 40438
188A 1-02-14
Land Records Official Date

NO REAL ESTATE
TAX PAID

INSTRUMENT # 2014000647

PREPARED BY: MAYO & MAYO ATTORNEYS AT LAW 102 WEST 2ND STREET WASHINGTON, N.C 27889

NORTH CAROLINA

BEAUFORT COUNTY

THIS DEED, Made and entered into this the 14 day of January, 2014 by and between THE COUNTY OF BEAUFORT, A body corporate and politic of the State of North Carolina, with offices located at 121 West Third Street, Washington, NC 27889, hereinafter referred to as party of the first part; to CITY OF WASHINGTON, a municipal corporation existing pursuant to and by virtue of the Laws of the State of North Carolina, with offices located at 102 East Second Street, Washington, NC 27889, hereinafter referred to as party of the second part;

WITNESSETH:

That the said party of the first part pursuant to resolution of its governing board adopted January 6, 2014 at a meeting and under the provisions of Chapter 160A, Section 274(b), of the General Statutes of North Carolina and Interlocal Agreement dated June 5, 2001 as amended with the City of Washington, did approve conveyance of the property hereinafter described as provided in the aforesaid Interlocal Agreement and in consideration of the sum of Ten Dollars and other good and valuable consideration paid by said party of the second part, the receipt of which is hereby acknowledged, does bargain, sell and convey an undivided forty-five (45%) percent interest unto the

EX 1839PG093

3. The above described property DOES NOT include the Grantor's primary residence.

And the said party of the first part does covenant that it is seized of said premises in fee and has the right to convey a forty-five (45%) percent undivided interest in fee simple subject to the foregoing exceptions and restrictions, and that subject thereto, the same is free from incumbrances.

IN TESTIMONY WHEREOF, the County of Beaufort said party of the first part has caused this Deed to be executed in its official name by its Chairman, attested by its Secretary, and its official seal to be hereunto affixed, all pursuant to proper authority duly given.

THE COUNTY OF BEAUFORT

BY: JERRY LANGLEY, CHAIRMAN

SHARON C. SINGLETON, CLERK

said party of the second part, its successors and assigns, the following parcel or tract of land located in the City of Washington, Beaufort County, North Carolina, more particularly described as follows:

A recombination of Lot One (1) and a portion of Lot Two (2) now designated as being all of Lot No. 1 & 2A, Beaufort County Industrial Park containing 10.00 acres by coordinates excluding Rd., R/W, and being the same as shown on map dated April 16, 2012 entitled "Lot 1 & 2A-Beaufort County Industrial Park" prepared by Mayo & Associates, PA of record in Plat Cabinet H, Slide 85-10, Beaufort County Registry, as was conveyed to A. E. Holding, LLC in Deed Book 1784, Page 307 to which map reference is herein made and incorporated for a more complete and detailed description.

Further reference is made to deed dated December 23, 2013 by A&E Holdings, LLC to the County of Beaufort in Book 1836, Page 281, Beaufort County Registry.

TO HAVE AND TO HOLD a forty-five (45%) percent interest in the aforesaid parcel or tract of land and all privileges and appurtenances thereunto belonging unto the said party of the second part and its successors and assigns in fee simple, forever, but SUBJECT to the following:

- Such easements and rights of ways of record in Plat Cabinet G, Slide 51-10 and Industrial Park restrictions of record in Book 1230, Page 61, Beaufort County Registry.
- Non-compliance with any local, county, state or federal governmental laws, ordinances or regulations relative to zoning, subdivision, occupancy, use, construction or development of the subject property.

NORTH CAROLINA

BEAUFORT COUNTY

I, Rashonda B. Dolberry, a Notary Public ~~in and for the County and State aforesaid~~, do hereby certify that SHARON C. SINGLETON, personally appeared before me this day and acknowledged that she is the Clerk of THE COUNTY OF BEAUFORT, and that by authority duly given and as the act of the County of Beaufort, the foregoing instrument was signed in its name by its Chairman, sealed with its official seal and attested by herself as its Clerk.

Witness my hand and Notarial Seal, this the 9th day of January, 2014.

Rashonda B. Dolberry

NOTARY PUBLIC

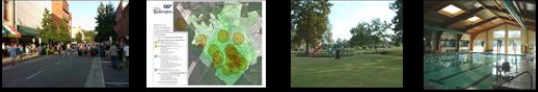
My Commission Expires: January 9, 2018



ADOPT – PARKS AND RECREATION COMPREHENSIVE MASTER PLAN
(*MASTER PLAN LOCATED ON WEBSITE)
Greg Lambert, Landscape Architect with Rivers & Associates reviewed a presentation with City Council concerning the Parks and Recreation Comprehensive Master Plan.

Agenda

- Input Gathering Venues
- Data Input Considerations
- Existing Facilities Consideration
- National Standards Comparison
- Recommendations



Input Gathering Venues

- Demographic Analysis
- Existing Facility Inventory and Assessment
- Public Survey
- Random Phone Survey
- Stakeholder Meetings
- Public Workshops
- Focus Group Meetings
- Annual Festivals / Events



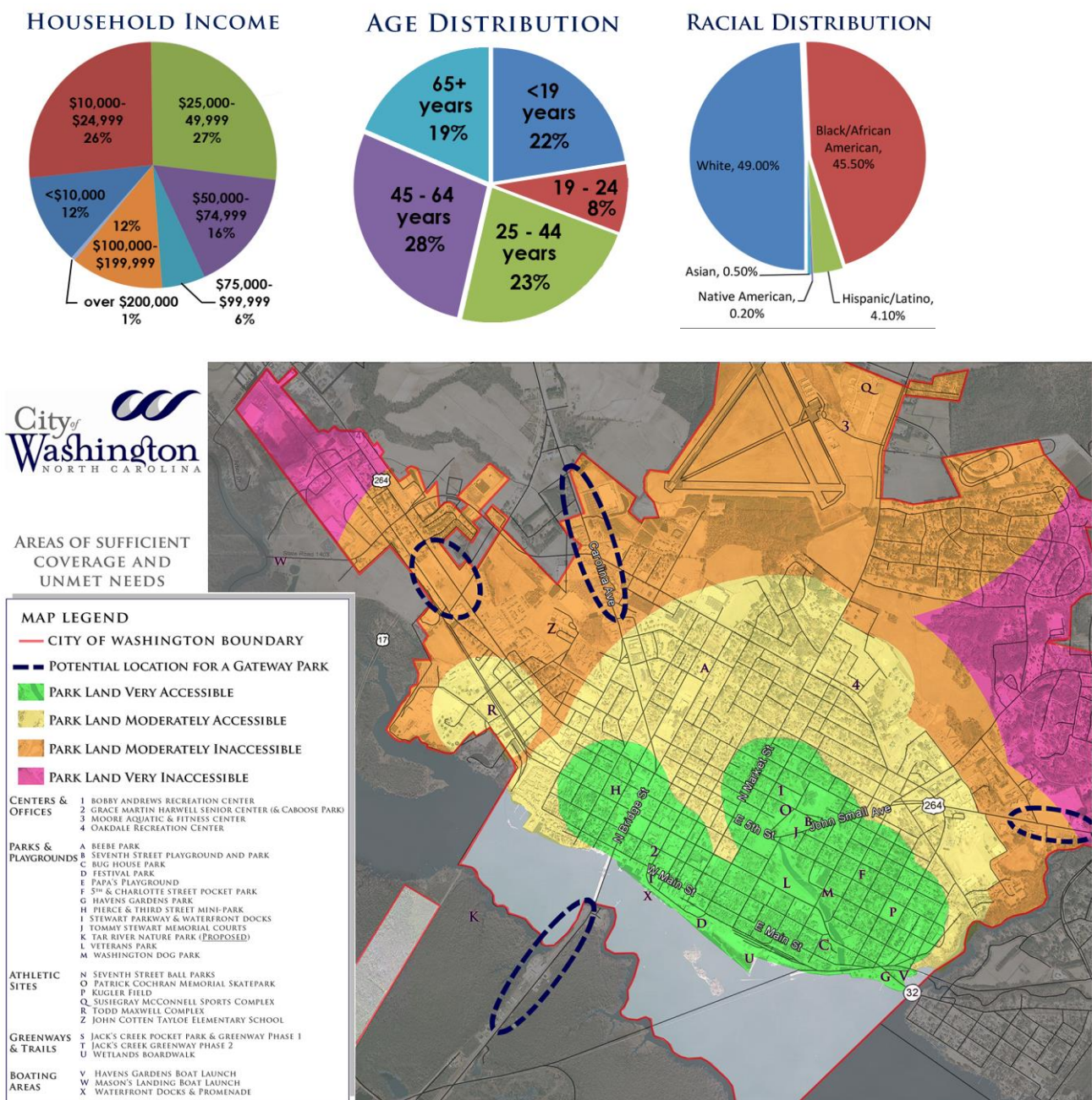


Table 3.2 Summary of Public Parks– Size & Facilities*									
Mini-Parks		Neighborhood Parks		Community Parks		District/Regional		Special Use Areas	
Facility	Ac.	Facility	Ac.	Facility	Ac.	Facility	Ac.	Facility	Ac.
Fifth & Charlotte Str. Pocket Park	0.57	Beebe Park	3.38	Andrews Center, 7th Str. Complex, & Skate Park	10.84	McConnell Sports Complex	42.51	Havens Gardens Boat Launch	1.34
Pierce & Third Str. Mini-Park	0.24	Bug House Park	1.25	Festival Park	2.46			Mason's Landing Boat Launch	1.63
		Kugler Field	3.79	Havens Gardens Park	5.46			Waterfront Docks & Frame-n-side	1.69
		Oakdale Recreation Center	1.02	Jacks Creek Greenway Ph. 1 & Pocket Park	13.64			Wetlands Boardwalk	4.55
		Old Health Department	1.03	Jacks Creek Greenway Ph. 2 & Park	13.47			Grace M. Harwell Senior Center	1.21
		Tommy Stewart Memorial Courts	1.07	Moore Aquatic & Fitness Center	5.03				
		Veteran's Park	2.80						
		Todd Maxwell Complex	4.34						
		Oakdale Recreation Center	1.02						
		Washington Dog Park	0.58						
Total	0.81	Total	20.28	Total	50.50	Total	42.51	Total	10.42
								Total	19.72

* Over Beaufort County GIS Data and available data from Washington Parks and Recreation Department

Table 3.4 – Existing Recreation Facilities vs. NRPA Guidelines			
Recreational Facilities	Total Existing in Washington	NRPA Recommended Guidelines: (facilities per Population)	Surplus/Deficit based on NRPA
Centers	4	1/20,000	-3
Baseball/Softball Fields	3	1/5,000	
Multi-Use Fields	1	1/10,000	
Swimming Pools	1	1/20,000	
Tennis Courts	2	1/2,000	-3
Volleyball Courts	1	1/5,000	-1
Basketball Courts	4	1/5,000	
Football Field	1	1/20,000	
Running Track (1/4 mi)	0	1/20,000	-1
Trails	2	1 per region	1
Playground	6	1 area per 1000	-4
Skateboard Parks	1	NA	
Boat Ramps	3	NA	
Fishing Access	1	NA	
Picnicking Facilities	3	1 pavilion per 2000*	-2
Horseshoe Pits	1	NA	
Croquet	1	NA	
Auditoriums	0	NA	
Performance Pavilion	1	NA	
Gyms	1	NA	
Dog Park	1	NA	

Table 3.3 – NRPA Public Parks Level of Service per 1000 Population Standards		
		NRPA
Standards	Total Parkland	10 ac / 1,000
	Mini/Pocket Parks	1 ac/1,000
	Neighborhood Parks	1-2 ac** / 1,000
	Community Parks	5-8 ac** / 1,000
	District/Regional Parks	10 ac /1,000
Assessment	Total Parks Standard	97.44 acres
	Existing	144.64 acres
	Planned*	(113.86 acres)*
	Deficit	0 acres
	Level of Service	14.8 acres / 1,000
	Mini-Parks Standard	9.74 acres
	Existing	.81 acres
	Planned	0
	Deficit	8.93 acres
	Level of service	.08 acres / 1,000
	Neighborhood Parks Standard	14.42 acres
	Existing	21.49 acres
	Planned	0
	Deficit	0 acres
	Level of service	2.2 acres / 1,000
	Community Parks Standard	63.34 acres
	Existing***	81.04 acres
	Planned	0
	Deficit	0 acres
	Level of service	8.3 acres / 1,000
	District/Regional Parks Standard	97.44
	Existing	42.51
	Planned*	113.86
	Deficit	54.93
	Level of service	4.4 acres / 1,000

Baseline acreage standards based on median calculation where a range is given.

* Tar River Nature Park plus "Conversion Properties" adjacent to McConnell Sports Complex. Planned acreage is NOT calculated into meeting LOS standards.

** Where the standard is reflected as a range, a median was used in calculation

***There is not a standard for schools and special use areas. In Washington, the properties which fall into those categories can also be considered Community Parks and they are accounted for as such in the above calculations.

Master Plan Recommendations

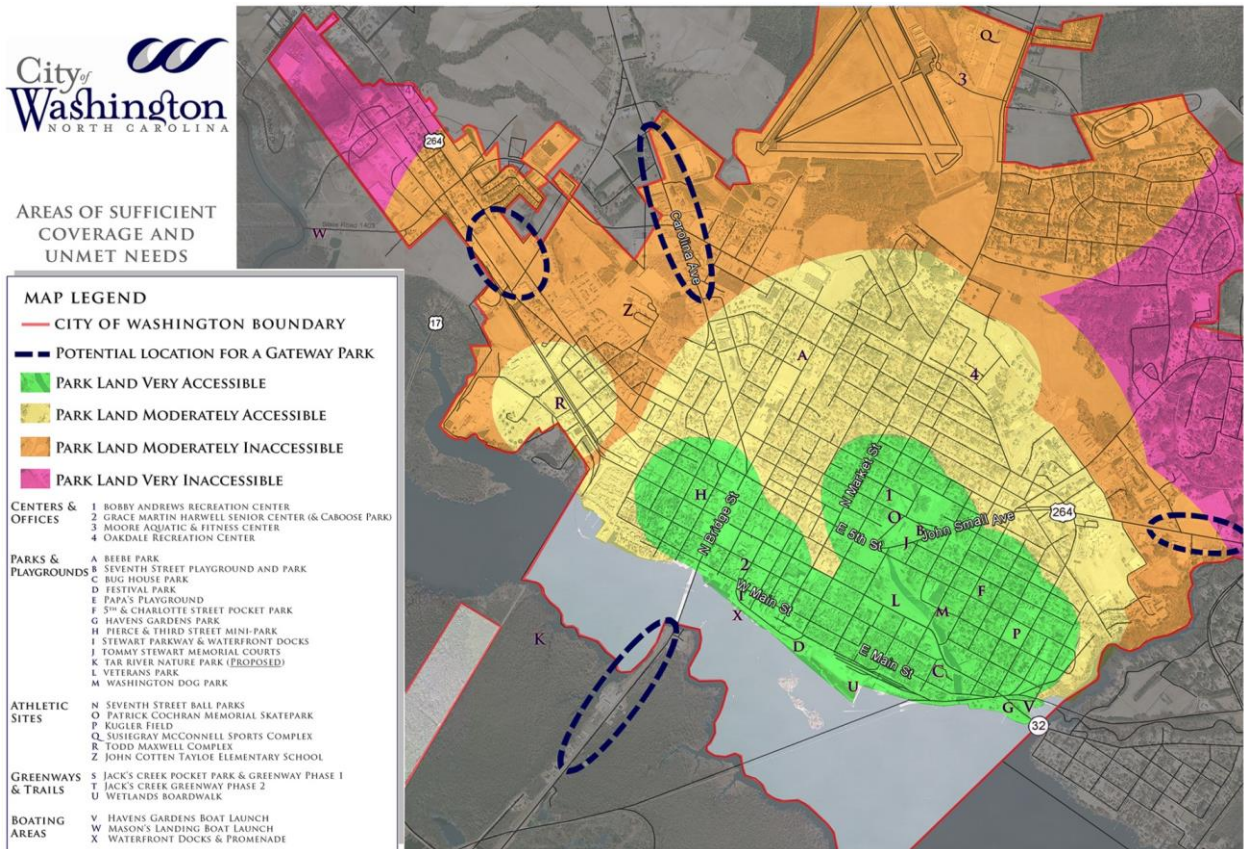
- Prioritize meeting the demands of deferred maintenance of existing facilities before beginning new projects.
 - Correct current staffing level deficiencies by increasing personnel to meet industry standards and maintain those standards to meet the demands for facilities that are constructed in the future. (ideal = 18-20:1, best = 12:1, currently = 28:1)
 - Develop maintenance schedule for parks which is more proactive than reactive.
 - Coordinate with sports leagues to rotate use of fields, and mandate time for turf recovery.
- Consider the recommendations of various other master plans in tandem with this plan.
- Establish Consistent Signage for City Parks (visual branding)
 - Gateway signs at major entry points,
 - District Signs (Historic District, Waterfront District, etc.
 - Public facilities signage for parks and other areas that welcome visitors

Master Plan Recommendations

- Strengthen Existing Relationships and Establish New Partnership Opportunities
 - Coordinate interdepartmentally and inter-jurisdictionally. There may be opportunities to coordinate plans and pool resources.
 - Consider public / private partnerships – sponsorships, donations
 - Consider additional (Shared) Use Agreements
 - Develop volunteer programs. Involve civic groups in these discussions. Creative ways that are fun and educational
- Increase Facilities where Deficiencies are Recognized
 - Playgrounds – achieve and maintain NRPA standards
 - Relocate soccer field to it's own facility
 - Add new lighted baseball field
 - Two additional picnic facilities located outside the "Green" area on map
 - Outdoor, senior – friendly fitness equipment
- Secure Environmentally sensitive Areas and Develop Environmental Education Program.

Master Plan Recommendations

- Integrate parks and recreation activities with tourism efforts and other programs with potential economic benefits
 - Coordinate the integration of new facilities with existing ecotourism destination such as the Estuarium
 - Work to expand upon the potential to host regional tournaments and other events at Susie Gray-McConnell Sports Complex
- Build upon marketing & programming efforts during tournaments
- Enhance overall perception of safety at facilities
 - Consider installing Blue Light Call Boxes
 - Improve sidewalk system as necessary to provide safe access routes to parks.
 - Clearer wayfinding
- Provide a Multi-Functional, Interactive Water Feature for Summer Activities
 - A "spray ground" facility to offer a cost effective place to cool off in the summer
 - Establishing a public access area for swimming in the river.



Mr. Lambert noted that the City of Washington has 25 Parks & Recreation facilities. According to the National Standard, the ideal acreage for an employee to maintain is 18-20:1 (18-20 acres to 1 person), best practice is 12:1 (12 acres to 1 person), the City is at 28:1 (28 acres to 1 person).

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council continued the adoption of the Comprehensive Parks and Recreation Master Plan, until the regular meeting in March.

RECESS: 7:35PM-7:45PM

AUTHORIZE – ELECTRIC DIRECTOR TO EXECUTE INTERCONNECT AGREEMENT

City Manager, Brian Alligood explained this request is for the Electric Director for Council to approve an interconnect agreement, for what we are deeming as “Solar Project 5”. SunEnergyl is requesting an interconnect agreement with the City of Washington for the connection of a photovoltaic generating (PV) system. The PV system will connect to the City's 34.5 kV sub-transmission system and have a generating capacity of 5,000 kW. The draft interconnect agreement is detailed in the requirements of each the City of Washington and SunEnergyl, but does not designate the location due to privacy concerns. Prior to the final execution of the agreement the location details will be included and the "Interconnection Customer" name will change as SunEnergyl files for a unique Limited Liability Corporation to own and operate the facility. SunEnergyl is responsible for all costs associated with this interconnection.

The Federal Energy Regulatory Commission (FERC) requires that electric utility systems allow renewable energy generators to connect to systems so as long as the utility determines no adverse effect on the system. This generator has been evaluated and poses minimal effect to the City's electric system. All energy produced by the system will be purchased by the North Carolina Eastern Power Agency (NCEMPA). Pursuant to the City's purchase power agreement with NCEMPA the City of Washington cannot purchase the output of the system.

Mr. Alligood noted that Councilman Mercer had expressed some concerns over some items in the agreement and those items have been addressed today. Councilman Mercer noted that he had spent quite a bit of time reviewing the document with the Attorney, Manager and

Electric Director. There were some wording changes that were recommended and he would now like to make the motion to approve the agreement.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved the interconnect agreement and gave the City Manager and City Attorney the authority to finalize the changes and see that they are acceptable to the interconnect partner.

APPROVE – CLASSIFICATION & PAY GRADE/CHANGES/RE-ORGANIZATION – PUBLIC WORKS

City Manager, Brian Alligood explained that David Gibbs, Public Works Superintendent, retired effective February 1, 2014. His position will not be filled and will be abolished in the upcoming fiscal year 14-15 budget. This position managed the streets, stormwater, and solid waste divisions. Mr. Alligood reviewed the request as provided by Allen Lewis, Public Works Director. While some of the administrative duties will be assumed by the Assistant Public Works Director, the technical work and daily planning will be delegated to the supervisors of these work units. This change will have its most significant impact on the supervisor for streets and stormwater who will have to assume a greater role in planning, prioritizing and organizing work crews similar to the role already assumed by the supervisor of solid waste.

The Assistant Public Works Director will be assuming a more active role in managing the streets, storm water, and sanitation divisions with the absence of the superintendent position, it will be necessary for him to delegate certain responsibilities in water distribution and collection to existing staff. Most importantly the duty of Operator in Responsible Charge (ORC) for water distribution system, wastewater system, and backflow and cross connection will be delegated to the Distribution & Collection System Supervisor who currently serves as back up ORC. This individual already has all of the certifications necessary to perform these duties.

Public Works Supervisor II: It is requested that the Public Works Supervisor I (Salary Grade 16) position overseeing the streets and Stormwater divisions be reclassified to a Public Works Supervisor II (Salary Grade 18) position. This position should have been reclassified some time ago and never was. This position supervises 12 employees which is the same number of employees the supervisor in the solid waste division supervises which is already a Public Works Supervisor II position. Additionally, this individual will be taking on more responsibility due to the recent retirement of the Public Works Superintendent's position which is being done away with through attrition.

Distribution & Collection System Supervisor II: The individual in this position will now be the ORC for the water distribution system, sewer collection system and backflow and cross connections, as well as supervise 9 employees. The ORC is responsible for the maintenance and operation of the water distribution and wastewater collection system in order to ensure the safe distribution of drinking water and environmentally safe collection of wastewater. This position will be an exempt position.

The current position requires the following certifications:

Grade B Water Distribution Certificate

Wastewater collection (Grade III)

Backflow and Cross Connection Certificate

The upgraded position will require the following certifications:

Grade A Water Distribution Certificate

Wastewater Collection (grade IV)

Backflow and Cross Connection Certificate.

The individual currently in the Distribution & Collection System Supervisor II position already possess all of those certifications. It is recommended that this position be reclassified from Distribution & Collection System Supervisor (Salary Grade 20) to Distribution & Collection System Supervisor II (Salary Grade 22). This position will supervise 9 employees.

Distribution & Collection System Supervisor I: We are also requesting that the current Cross Connections Control Technician position be upgraded to a Distribution &

Collection System Supervisor I position. The individual will serve as the back-up ORC as well as supervise three employees which will include the planning and organizing the work they will perform in addition to supervision, including performance reviews, coaching, etc. The back-up ORC is responsible for the maintenance and operation of the water distribution and wastewater collection system in order to ensure safe drinking water and environmentally safe collection of wastewater in the ORC's absence. This individual will also assist with the inspection of contracted construction project.

The current position requires the following certification:
Backflow and Cross Connection Certificate

The upgraded position will require the following certifications:
Grade B Water Distribution Certificate
Wastewater Collection (Grade III)
Backflow and Cross Connection Certificate

The individual currently in the Cross Connection Control Technician position already possesses all of these certifications.

In addition, the Cross Connection Control Technician will assume supervision of the water distribution unit and serve as back up ORC for the water distribution system, wastewater system, and backflow and cross connection. This individual already has all of the certifications necessary to perform these duties. It is recommended that this position is reclassified from Cross Connection Control Technician (Grade 17) to Distribution & Collection System Supervisor I (Grade 19). This position will supervise 3 employees.

Councilman Mercer requested a copy of each of the job descriptions (including the Assistant Public Works Director) prior to and after the reorganizations in order to see the change in job duties. He continued by noting his concern with the Assistant Public Works Director not being included in the reclassification, commenting that this position may need reclassifying, he would like to delay the adoption of the pay grades until Council receives more clarification.

Councilman Brooks reviewed that when Josh Kay was City Manager and the reorganizational chart was presented, he understood that if the City reduced staff and the employees took on more job duties, that they would be compensated for those additional duties. Councilman Pitt agreed with these comments and felt ok with the presented changes. Councilman Brooks said we have good people and if you pay them, they will go above and beyond what you request of them and they should be compensated for it and we should not delay this request.

Mayor Pro tem Roberson expressed concern regarding the wording in the request, "we feel these changes will solidify re-structuring in the Public Works Dept., for now," Mr. Alligood noted that this side of Public Works should be set and no additional changes are foreseen. Although there were some comments from Council at the planning retreat about looking at some other activities within Public Works that could warrant additional changes. Mayor Pro tem Roberson expressed his dislike with reclassifications during the middle of the budget process. He also expressed concern that the Assistant Public Works Director position may need reclassifying as well. Mr. Alligood explained that Mr. Lewis and Mrs. Hodges have reviewed these duties and are confident in the pay grade adjustments.

Allen Lewis, Public Works Director explained the reclassifications and that transferring the ORC duties from the Assistant Public Works Director to the Distribution & Collection System Supervisor II qualifies the change in paygrades. Councilmembers continued to express concern that maybe the changes in job duties aren't reflective in the pay changes.

Councilman Beeman commented that the Public Works Director and the Human Resources Director have done the needed research regarding the reclassifications and feel comfortable in their requests, does Council need to continue to rehash this.

By motion of Councilman Beeman, seconded by Councilman Brooks, Council approved the following position reclassifications in the Public Works Department: Public Works Supervisor I (Grade 16) to Public Works Supervisor II (Grade 18) (Streets & Stormwater); Cross Connection Control Technician (Grade 17) to Distribution & Collection System Supervisor I (Grade 19) and Distribution & Collection System Supervisor (Grade 20) to Distribution & Collection System Supervisor II (Grade 22) effective February 10, 2014.

AUTHORIZE – CITY MANAGER TO FILL THE VACANT ELECTRIC LINE OPERATIONS SUPERINTENDENT POSITION

City Manager, Brian Alligood reviewed the request submitted by the Electric Director. (begin) City Council was presented with a proposed re-organizational plan in 2012 and major progress has been made. The major aspect of the plan that has been implemented is the combining of several smaller departments under larger, more comprehensive departments including Administrative Services, Community & Cultural Services, and Police and Fire Services. The City has also decreased its full-time positions from 243 budgeted in fiscal 10/11 to 233 budgeted in the current fiscal year 13/14. These reductions in staffing have been made without a change in services or service level provided by the City. This organizational plan also included the proposal to combine the Electric and Public Works departments. Currently these departments have a combined full-time staff of 112 employees which is almost half of the full-time City positions.

Because of the expansive services provided by these departments, the diversity of skills and expertise required to provide these services, and the number of employees to be managed, it would be essential to maintain a director over each of these areas. Combining these departments would actually add an additional hierarchy level and remove the City Manager one step further from these operations. It is my recommendation to keep Public Works and Electric as two separate departments with the current Directors reporting directly to the City Manager. On February 1, 2014, the City realized the retirement of two very long term employees (each with over 30 years of service) who were overseeing major functions in Public Works and Electric departments. Management has taken this staff turnover as an opportunity to evaluate operational efficiencies and organizational structure. With these adjustments, it is also management's responsibility to recognize and address significant changes in duties and responsibilities of positions and adjust pay schedules as needed. A separate Council Action explains the proposed changes in the Public Works department. Perhaps our largest challenge with the re-organization remains in the Electric Department which we will continue to analyze and provide feedback to Council. However, we have an immediate situation that needs to be addressed with the February 1, 2014 retirement of Al Leggett, Electric Transmission and Distribution Superintendent. Although this position is not reflected in the 2012 reorganization proposal, it is my determination that this position is critical to ensure maximum performance of the transmission and distribution division. This position prioritizes, organizes, and coordinates the work of this work unit with other City services and customers; monitors the work of contractors such as the tree trimming crew, manages equipment vendors, ensures safety and lineman career development training, and provides significant customer contact and budget input. There is no other regular employee on staff that has the time or expertise to fulfill these very essential functions. We feel confident that if we are able to hire someone with considerable experience in the utility field and technical education we will be in an excellent position to continue our re-evaluation of the organizational structure, not only the Transmission and Distribution division, but the Electric Department overall. With your approval, I would like to proceed with recruiting and hiring an Electric Transmission and Distribution Superintendent. (end)

Mr. Alligood explained that in reviewing the reorganizational plans, some of the charts showed with this retirement, that the position would go away. In some conversations we have heard this is not the way it was planned. We feel this position is a critical position and needs to stay in the re-organizational charts.

Councilman Mercer noted he reviewed the charts and the position is listed and he concurs the position should remain. Mayor Pro tem Roberson inquired about the lack of two Electrical Engineer In-Training positions. Mr. Alligood noted this needs to be reviewed and the duties clearly defined for this position.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, City Council authorized the City Manager to fill the vacant Electric Line Operations Superintendent position effective February 10, 2014.

APPROVE - PEAK SHAVING GENERATOR REPAIR PURCHASE ORDER

City Manager, Brian Alligood explained that an 1,150kW peak shaving generator at a local manufacture has failed and is in need of rebuilding to place the unit back in service. A rebuilt unit (\$22,958) has a comparable useful life as a new one at a cost savings of \$12,000. The peak shaving benefit net of customer credit and fuel cost is \$5,250 per month and equates to a 4.4 month payback. The opportunity cost of the generator being out of service is \$15,000 per month in wholesale power cost. The purchase order was approved by staff on Friday, February 6, 2014 to address the urgency of the situation.

Councilman Mercer reviewed the Electric Dept. budget for generator repair (\$40,000) and inquired if this purchase order would be taken from this line item. Mr. Alligood noted yes, and that Council would have to approve this due to the purchase order being over \$20,000.

By motion of Councilman Pitt, seconded by Councilman Brooks, Council approved a \$22,958 purchase order to Siemens Industry, Inc. to repair a peak shaving generator to place it back in service.

Moved from Consent Item D: APPROVE – PURCHASE ORDERS OVER \$20,000

Councilman Mercer noted that he requested for this item to be moved from the Consent Agenda to discuss the design of electrical systems and wanted to have additional discussion on those items. He requested information regarding outages in the areas where the design work is taking place.

- Requisition #13935, \$30,000, to Booth & Associates Inc. to engineer the Hwy 32 North rebuild, account 35-90-8390-7400.
- Requisition #13936, \$50,000, to Booth & Associates Inc. to engineer the Grimesland Rd. rebuild, account 35-90-8390-7400.
- Requisition #13949, \$21,940, to BCI Utility Construction for section 1 of the Sweet Briar underground cable replacement, account 35-90-8390-4500.
- Requisition #13950, \$22,360, to BCI Utility Construction for section 2 of the Sweet Briar underground cable replacement, account 35-90-8390-4500.
- Requisition #13969, \$52,362.61, to Piedmont Truck Center for a F750 truck to replace vehicle #414, account 30-90-8140-7400. The body for the cab is being purchased from Quality Truck Bodies for \$10,892.61 to bring the total for the vehicle to \$63,522.22. Fuel emission standard changes resulted in a budget shortfall of \$3,500 that is being covered within the departments existing budget.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved the purchase orders as presented.

ANY OTHER ITEMS FROM CITY MANAGER: NONE

ANY OTHER BUSINESS FROM THE MAYOR OR OTHER MEMBERS OF COUNCIL:

- Mayor Hodges thanked Allen Lewis and the Public Works staff for getting the snow off the streets during the last storm. Councilman Brooks commended the staff as well.
- Councilman Pitt reminded everyone regarding the Ed Peed Commemoration on February, 15th at Fire Station #1.

CLOSED SESSION – UNDER NCGS § 143-318.11 (A)(3) ATTORNEY/CLIENT PRIVILEGE AND (A)(6) PERSONNEL

By motion of Councilman Pitt, seconded by Councilman Beeman, Council entered into Closed Session at 8:40pm under NCGS 143-318.11 (A)(3) Attorney/Client Privilege, (A)(4)Economic Development and (A)(6) Personnel.

By motion of Councilman Beeman, seconded by Councilman Pitt, Council agreed to come out of closed session at 8:45pm.

ADJOURN

By motion of Councilman Beeman, seconded by Councilman Brooks, Council adjourned the meeting at 8:45pm until Monday, February 24, 2014 at 5:30pm in the Council Chambers located at the Municipal Building.

**Cynthia S. Bennett, CMC
City Clerk**